

# The Dollar's Rally: Analysts Wonder If Surge Can Go On

By Carl Gewirtz  
International Herald Tribune

PARIS — The dollar's strong rally of recent weeks has market participants, economists and national leaders wondering whether the currency's surge will go on. Foreign-exchange dealers are convinced that it will.

"It has momentum, supported by the charts," said Kurt Viernitz, treasurer at Morgan Guaranty Trust in New York.

## NEWS ANALYSIS

How much higher is the only point on which traders and analysts currently disagree. On Tuesday, the dollar closed in New York at 2.0114 Deutsche marks, slightly lower than 2.0130 at Monday's close, and at 142.33 yen, slightly higher than 142.05 yen.

Some see the currency peaking at around 2.10 DM, while others see it climbing higher, building a head of steam fueled by the seeming incapacity of central banks to manage the rate.

If left to continue its runaway strength, analysts warn, the dollar's surge will set the stage for protectionist legislation in the United States to insulate the country from a ballooning trade deficit.

In essence, the foreign-exchange market is saying that U.S. monetary policy is too tight; that U.S. interest rates are too high; and that either the dollar has to be allowed to rise or U.S. rates need to be cut and West German and Japanese rates need to rise to reduce the dollar's attraction.

The dilemma governments face in responding to the signals from the foreign-exchange market is that lowering U.S. interest rates risks re-igniting inflation while raising rates, particularly in West Germany, risks causing a slowdown that could escalate into a world recession.

For many analysts, this unhappy choice is the result of the overvalued position of the Group of Seven industrialized countries on monetary po-



A large portrait of Chairman Mao Zedong was covered up with canvas at Tiananmen Square in Beijing on Tuesday after it was defaced by paint hurled by three demonstrators from Hunan, Mao's home province. Students quickly repudiated the attack, and the portrait was later replaced.

# Protesters Demand Fall Of Li as the Press Hints At a Comeback by Zhao

By Nicholas D. Kristof  
New York Times Service

BEIJING — As hundreds of thousands of people demonstrated Tuesday in Beijing and Shanghai in favor of the overthrow of Prime Minister Li Peng, the national leaders met in secret in the capital and there were some indications that the meeting may have broken China's political deadlock.

It was not clear who, if anyone, is in control. "As far as I can see, there's no government," an Asian diplomat said. "There's just no government."

Early Tuesday morning, however, there were signs that the Communist Party chairman, Zhao Ziyang, who was stripped of his powers late last week after he urged a moderate line toward student demonstrators, might be making a comeback.

Most striking, the news media for the first time in several days referred to Mr. Zhao, and identified him as still being chairman of the party. Until the brief dispatch Tuesday by the official Xinhua news agency, Mr. Zhao had not been mentioned in the nation's newspapers or news broadcasts since Saturday.

## In the Capital, Students Rule

They Can Organize Business as Usual From Chaos

By Sheryl WuDunn  
New York Times Service

BEIJING — Under martial law, Beijing finds itself crippled by shortages and disruptions of vital services. In the absence of effective government in parts of the city, only student rule seems to have averted total collapse.

Mail delivery has become sporadic, and traffic jams abound. Most subway and bus service has been suspended. As a result, workers ride bicycles or walk, and they often arrive late, if at all.

There are desperate shortages of gasoline, electricity, vegetables, milk and eggs. Some key roads into the city are blocked by military convoys and citizens surrounding them, and the distribution network seems to have been further hampered by roadblocks and demonstrations throughout the city.

"It's very hard to do business now," a diplomat said. "When we invited some officials to lunch, they said they couldn't drive here because once they got out of their compound their drivers would join the demonstrators. So we had to send a diplomatic car to fetch them."

Nearly 90 buses have been used for the last week to shelter demonstrating students in Tiananmen Square. Since martial law was de-

# Shamir Rejects Baker's Peace Advice as 'Useless'

By David S. Broder  
Washington Post Service

LONDON — Prime Minister Yitzhak Shamir of Israel on Tuesday rejected as "useless" Secretary of State James A. Baker 3d's suggestions that Israel give up the notion of expanding its territory and stop further settlements on the West Bank.

In a blunt response to Mr. Baker's speech to a pro-Israel group Monday in Washington, Mr. Shamir said: "We cannot accept what he said about a greater Israel or the settlement problem."

"I don't think it was useful to raise those issues now," he said. "It was useless."

In his speech Monday, Mr. Baker said: "For Israel, now is the time to lay aside, once and for all, the unrealistic vision of a greater Israel. Israeli interests in the West Bank and Gaza — security and otherwise — can be accommodated. Forswear annexation. Stop settlement activity. Allow schools to reopen."

Officials traveling with Mr. Shamir said Mr. Baker's comments came as a surprise to the Israeli government. Neither Mr. Shamir nor Foreign Minister Moshe Arens received intimations of that attitude on their recent visits to Washington, their first since President George Bush took office.

"We knew the United States' feeling about the settlements," the official said. "That has not changed in 20 years. But the fact that Mr. Baker chose to come out at this stage of the diplomatic game — which is very complicated — is a big surprise."

He predicted that it would "encourage inflexibility" on the part of the Arab states and "make the process more difficult."

"It was a big mistake," he said. "Mr. Shamir, who was in London for two days of meetings with Prime Minister Margaret Thatcher and Foreign Secretary Sir Geoffrey Howe, said Mr. Baker's comments commending the Israeli peace initiative were "perfectly acceptable," but he clearly was stung by the remarks on the territorial question and the settlements policy."

An official traveling with Mr. Shamir said: "That one sentence critical of Israel — which was played over and over on TV — will make things much more difficult."

He speculated that Mr. Baker might have been hoping to send a message to the Arab summit meeting in Casablanca to the effect that "Look, we know how to get tough with the Israelis." But if that was

## Thatcher's Stance on Europe Unity Becomes Focus of June EC Election

By Craig R. Whitney  
New York Times Service

LONDON — With the rest of the British political spectrum undergoing the most significant shift in years, Prime Minister Margaret Thatcher and her resistance to European political and economic union have suddenly become the most heated issue in the campaign for elections for the European Parliament next month.

"In the past week she has blasted 'the Europeans' for regulating the size of health warnings printed on British (and European) cigarette packages, denounced a proposal by 'bureaucrats' in the European Community's Executive Commission for a charter of workers' rights as 'a socialist charter, full of unnecessary controls and regula-

## U.S. Says That Jordanian Was an Agent for Bonn

WASHINGTON — U.S. officials have confirmed that a Jordanian explosives expert who belonged to a terrorist group suspected of bombing a Pan Am jumbo jet last December worked for West German intelligence late last year.

The disclosure could be highly embarrassing for the Bonn government if it is determined that the informant deceived his West German contacts or if the West Germans have withheld significant information from their allies.

The disclosure also raised the possibility that the West Germans bungled an opportunity to foil the bombing of Pan American World Airways Flight 103 over Lockerbie, Scotland, which killed 270 people.

U.S. officials have criticized West Germany for slow cooperation with the investigation into the bombing.

The U.S. officials confirmed a report in the West German magazine Stern on Monday, which identified the Jordanian as Marwan Khazali.

The magazine quoted two high-ranking security officials as saying that Mr. Khazali, a member of the Popular Front for the Liberation of Palestine-General Command, made "radio bombs for attacks on planes."

A spokesman for the West German intelligence agency was quoted by The Associated Press as denying the story.

## A New Soviet Deputy Takes His Lessons From U.S.

By David Remnick  
Washington Post Service

MOSCOW — Sergei Stankevich is 35 and looks 21. A scholar, he has studied 200 years of U.S. congressional history. While many of his peers were picking their way through the thorns of dialectical materialism, Mr. Stankevich was reading up on legislative subpoena power, the formation of committees, the power of impeachment and other mechanics of democracy.

Mr. Stankevich is just one of Moscow's radical deputies, but he is singular in his knowledge of the structures of Western democracy. In the first days of the Soviet Union's historic first session of the Congress of People's Deputies, which will open Thursday, he is likely to play an essential role in showing more famous radicals like Andrei D. Sakharov, Roy A. Medvedev and Boris N. Yeltsin how to use the technical means of a democracy to achieve a transformation of this society.

"If we ignore the mechanisms of power, we'll get no power for ourselves," Mr. Stankevich said the other day in his apartment. "If we don't keep an eye on mechanics and institutional matters, the power will go to the same old people. We will have lost our chance."

Mr. Stankevich's desk is already piled high with requests from his constituents in the Cheryomushki District. A few friends — his "aides" — come by to consult. The shelves are lined not only with Lenin, Solzhenitsyn and Tolstoy, but also with Jefferson, de Toqueville and Mill.

In recent months, it has become clear that while Mikhail S. Gorbachev and his inner circle are promoting radical change, the decision-making organ of the Communist Party, the Central Committee, is full of conservatives who want to slow down, or even end, the changes.

"Now, for the first time in our lives, there is an organized political force against those people," Mr. Stankevich said, referring not only to the congress but also to the growing number of independent political organizations, such as the Popular Front, of which he is a member.

"I think conflict is inevitable. The only question is the level of conflict, the form it takes. I prefer civilized, constitutional conflict. I'm against slogans like 'seize the power.' My words would be 'redistribution of power.'"

As the date of the opening session neared, its deputies, especially those outside the powerful party hierarchy, were working without guidance. The party, meanwhile, was preparing its agenda in privacy.

"So far, we have absolutely no idea what kind of shape the congress will take, what kind of power we'll have, the size of our staffs, the committees, the resources — nothing," Mr. Stankevich said. "The only communication I've gotten at all is that certificate over there on the shelf congratulating me on my win in the elections."

Recently, Mr. Stankevich spent a day in Washington with Senator Bill Bradley, a New Jersey Democrat, and his staff. The day was an important lesson in organization and potential.

Mr. Stankevich said that he "would not want to idealize the Senate," but that he was "more than impressed" with the size and



ANTI-GOVERNMENT ANGER IN WARSAW — Students and policemen scuffling Tuesday after a court refused to register the pro-Solidarity Independent Students Association. Officials said the decision stemmed from the student group's claim of the right to stage strikes. The announcement evoked howls of anger and chants of "Down with communism" from a packed courtroom.

**Kiosk**  
**Khomeini Well After Surgery**  
NICOSIA (Reuters) — The Iranian leader Ayatollah Ruhollah Khomeini was recovering well Tuesday hours after surgery to stop internal bleeding, his son told Iranian television.

Syed Ahmad Khomeini said that Ayatollah Khomeini, who is believed to be in his late 80s, had agreed to the operation after blood was detected in his digestive system a few days ago. "His condition is very good," Mr. Khomeini said, "and there is no cause for concern."

Ayatollah Khomeini has had no designated successor since March, when he fired Ayatollah Hussein Ali Montazeri.

**Alfonso to Stay On**  
BUENOS AIRES (Reuters) — President Raul Alfonsin of Argentina said Tuesday that because talks with his successor on an early transfer of power had broken down, he will serve until Dec. 10. President-elect Carlos Saul Menem is now expected to take office Dec. 10 instead of in July.

**Arts/Lesure**  
A Korean-born conductor will be named music director of the Paris Opera Bastille, David Stevens reports. Page 7.

**Business/Finance**  
British Airways boosted profit by 17.5 percent but there may be problems ahead. Page 14.

**Crossword**  
Weather Page 2.

**Dow Jones**  
The Dollar in New York  
Down 24.01  
DM 2.0114  
Pound 1.5635  
Yen 142.335  
FF 6.8125

**SODERH**  
MADE IN FRANCE



# Racist Theatrics Take Center Stage at Pretoria Murder Trial

By William Claiborne

Washington Post Service

PRETORIA — Bernd Hendrik Strydom, 23, an avowed white supremacist, smiled confidently and waved to supporters as he entered a courtroom in the Palace of Justice on Tuesday.

On Nov. 15, Mr. Strydom walked down the main street of Pretoria and randomly fired a pistol at black pedestrians, whose disbelief at the unfolding carnage stunned them into immobility — until eight of them lay dead and 16 wounded.

Several khaki-clad members of the neo-Nazi Afrikaaner Resistance Movement returned Mr. Strydom's greeting from the public gallery, while the predominantly black spectators stared straight ahead.

Found guilty a week ago of eight counts of murder and 16 counts of attempted murder after a brief trial in which his defense was, in effect, a claim of justifiable homicide, the younger Mr. Strydom will be sentenced later this week, either to death by hanging or to imprisonment.

Mr. Strydom's father, Nic, a former policeman who boasted from the witness stand of having shaped his son's hatred of blacks, clasped the convicted murderer's hands and then sat down to listen to psychiatrists' testimony in mitigation against the death penalty.

It was in this same courtroom that, 25 years ago next month, the black nationalist leader Nelson Mandela was convicted of sabotage and efforts to overthrow the government and was sentenced to life imprisonment.

Mr. Mandela, a lawyer, spoke eloquently in the witness box of his people's aspirations, saying to the presiding judge: "I have cherished the ideal of a democratic and free society in which all persons live in harmony and with equal opportunities. It is an ideal which I hope to live for, and to see realized. But my Lord, if needs be, it is an ideal for which I am prepared to die."

Mr. Strydom is a former policeman, and he also had a political message to deliver in the high-ceilinged courtroom: "I do not think blacks are human beings. They are animals."

He added: "I do not consider my actions wrong, but as right. If I had to start all over, I would do exactly the same."

Whatever the judgment, Mr. Strydom, the leader of a previously unknown rightist group that he calls the "White Wolves," has succeeded in turning his trial and sentencing hearings into a perverse ideological platform that has captured the imagination of many white South Africans and dominated local newspapers and television for days.

It has also repulsed many South Africans, white and black.

Mr. Strydom had already become a curiosity as a result of disclosures that while serving as a policeman, he once posed for a photograph while holding the severed head of a black car accident victim. Mr. Strydom testified that he wanted to send the photograph to the African National Congress as a warning.

He also asserted, in a note passed to a court reporter during his trial, that the White Wolves were responsible for the May 1 assassination of David Webster, a prominent white anti-apartheid activist, outside his Johannesburg home. The police have discounted the assertion, saying the White Wolves group is a figment of Mr. Strydom's imagination.

The courtroom and a small park outside have been transformed into a stage for brown-shirted members of Aquila, the Afrikaaner Resistance Movement's guard, whose members wear swastika-like emblems and carry rubber truncheons. The men cheer Mr. Strydom and seek his release.

The movement is not a political party, but it is openly allied with the Conservative Party, which in the 1987 national election won 23 seats to become the

official opposition party in the 178-seat Parliament. Among those attending the trial and publicly expressing support for Mr. Strydom on the courthouse steps has been Robert van Tonger, leader of the Boerestaat Party, which advocates the partition of South Africa and the creation of a white enclave that would include the Transvaal and Orange Free State provinces.

Marie van Zyl, the leader of an extremist white women's organization called the Koppieskommando, has appeared in Afrikaaner pioneer costume along with a bodyguard dressed in 19th-century Boer garb.

Throughout the racist theatrics, Mr. Strydom, neatly dressed in a beige suit and tie, bearing the flag of the old South African Republic, seems to have grown in confidence, remarking at one stage in his testimony that he expected to be released either by President Pieter W. Botha or by a new rightist government that will come to power and pardon him.

Rather than claiming insanity as a defense, Mr. Strydom's attorneys have sought to portray him as an emotionally immature but politically motivated man with a messianic hatred of blacks that erupted into violence when his attempts to begin an affair with a friend's wife were rebuffed.



STILL WAITING — Protesters in Moscow pressed Tuesday for the legalization of the Ukrainian Catholic Church, which Stalin forcibly merged with the Russian Orthodox Church in 1946.

## WORLD BRIEFS

### 460 Sudanese Die in Tribal Clash

KHARTOUM, Sudan (Reuters) — The government said Tuesday 460 persons had been killed and 127 wounded in a clash among rival tribes. Sudan blamed Chad for fueling the war. Several villages were burned as black and Arab tribes fought over land and grazing rights in the western region of Darfur, a conflict zone. Seven policemen were among those killed. The statement said "Chad used the tension to serve its objectives and began to fuel the conflict both morally and physically."

Interior Minister Mubarak Abdullah Fadil Mahdi, who visited Khartoum, recommended that the rival tribal chiefs hold a peace conference and relief supplies be sent to victims, the statement said. Darfur has been in turmoil for years because of tribal clashes and infiltration by armed groups involved in the Chadian civil war.

### Wright's Lawyer Appeals to Panel

WASHINGTON (AP) — A lawyer for the House speaker, Jim Wright of Texas, urged the ethics committee in a televised session Tuesday to "stand in the way of the lynch mob."

The unusual trial-like proceeding was held in a House hearing room with Mr. Wright's counsel, Stephen Susman, and the ethics committee team, led by Richard Phelan, on opposite sides. Mr. Wright did not attend.

"To say Jim Wright should be condemned because he went close to the line is not fair," Mr. Susman argued. Mr. Phelan said the House speaker was resting his case on legalisms, arguing that ethics rules were unlike laws, where searching for loopholes is an accepted practice.

### Aloha Air Faulted in Fatal Accident

WASHINGTON (AP) — The National Transportation Safety Board on Tuesday blamed Aloha Airlines' maintenance program for failing to detect fatigue damage to the fuselage of a 19-year-old Boeing 737 that split open over Hawaii slightly more than a year ago. A stewardess was killed, but the plane with 94 other persons aboard landed safely.

After a daylong meeting, the board concluded that Aloha's management failed to supervise maintenance of its aging fleet properly. The board also blamed the Federal Aviation Administration for improperly assessing the airline's inspection program and issuing inadequate orders for ensuring the safety of older airliners.

The Federal Aviation Administration cited the accident last week when it issued directives changing the way all older Boeing-built airliners will be maintained. The directives give airlines four years to replace parts and make other modifications on Boeing 727s, 737s and 747s either at 20 years of age or after a set number of takeoffs.

### U.S. Is to Seek New Net Fishing Pact

WASHINGTON (AP) — Commerce Secretary Robert A. Mosbacher will ask the State Department to renegotiate a tentative agreement with Japan on monitoring the huge fishing nets used in the North Pacific, a spokesman for the National Oceanic and Atmospheric Administration said Tuesday. The prospective pact has been assailed by U.S. fishing groups and lawmakers.

The small-mesh nets, some of which are more than 30 miles (about 50 kilometers) long, are used by the commercial fleets of Japan, South Korea and Taiwan to catch squid. At the same time, the nets trap virtually any mammal, bird or fish that comes in contact with them. These countries face trade sanctions on fish products exported to the United States if final agreements on the use of the nets have not been signed by June 29.

Lawmakers from Alaska, Washington and Oregon have said that the tentative pact is inadequate. Representatives of the fishing industry in the Northwest have said that it does not provide for enough observers on Japanese vessels or for enough patrols to check on compliance.

### A Khomeini Said to Get Hostage File

BEIRUT (NYT) — The fate of 19 Western hostages believed held by Iran's allies in Lebanon is now in the hands of Ayatollah Ruhollah Khomeini, the son of Tehran's religious leader, Ayatollah Ruhollah Khomeini, according to a report published here.

A Beirut weekly magazine said in its current edition that the "dossiers" of foreign captives in Lebanon had been taken over by Mr. Khomeini after the ouster of Ayatollah Hossein Montazeri as successor to Ayatollah Khomeini.

The elder Khomeini accepted Ayatollah Montazeri's resignation last month, and Ahmad Khomeini asserted last week that Ayatollah Montazeri had been in contact with an Iraq-based Iranian opposition group, Mujahidin Khalq.

### Ortega Aid Bid Yields \$48.6 Million

MANAGUA (LAT) — President Daniel Ortega Saavedra's most ambitious quest yet for Western aid, a three-week tour of 10 European capitals, has produced sufficient cash to finance spring planting but not enough to avoid a year of economic setback, Nicaraguan officials said.

Mr. Ortega came home last week with pledges of \$48.6 million in hard currency from Norway, Sweden, Finland, Denmark and Spain, as well as expectations for more assistance later this year. The Sandinista leader had been seeking \$250 million. Nicaragua received about \$100 million in development aid from Western governments last year.

The aid pledges came at an unusual 17-nation conference in Stockholm, arranged by the Swedish government at the end of Mr. Ortega's tour. Sweden, one of the main donors, has a commercial interest in Nicaraguan timber, fishing and mineral resources.

## TRAVEL UPDATE

### Strike Shuts Some Paris Train Lines

PARIS (AFP) — Workers on commuter trains serving the eastern suburbs of Paris on Tuesday continued a total strike over safety. The strike began after three employees were attacked and beaten up by a gang of 30 youths on Sunday.

The strike, the second of its type in a month, was also joined by some workers on lines running west from the capital, union officials said. The action stopped all suburban services to and from the Gare Saint-Lazare and Gare de l'Est. Some main-line services to the two stations suffered delays as a result. The link between Roissy-Charles de Gaulle airport and the Gare du Nord was not affected.

Around-the-clock service in Paris at the rue du Louvre post office will end May 29. The post office will close between midnight and 8 A.M. Sunday through Thursday. Exceptions will be days preceding public holidays and the 14th and 15th of each month. (HT)

Northwest Airlines is to begin a daily nonstop service between Paris and Detroit on June 2. The flights will be on DC-10s. (HT)

About 95 percent of the London Underground trains were canceled Tuesday after most of the system's 3,800 train crewmen went on strike because of pay demands, a spokesman said. (AP)

The U.S. rail company Amtrak has restored service ferrying gamblers to casinos in Atlantic City, New Jersey, from New York, Philadelphia and Washington. Service had been suspended since 1982. The first Atlantic City Express this week carried 350 politicians and other guests to the seaside resort. (AP)

## WEATHER

EUROPE				ASIA			
	HIGH	LOW	P		HIGH	LOW	P
Algeria	72	60	0	Bangkok	84	72	0
Athens	74	62	0	Beijing	76	64	0
Berlin	74	62	0	Hong Kong	80	68	0
Bombay	84	72	0	Manila	80	68	0
Buenos Aires	74	62	0	New Delhi	80	68	0
Caracas	74	62	0	Shanghai	76	64	0
Cairo	74	62	0	Singapore	80	68	0
Canton	74	62	0	Tokyo	76	64	0
Cebu	74	62	0				
Colon	74	62	0				
Hankow	74	62	0				
Hong Kong	80	68	0				
Kobe	74	62	0				
London	74	62	0				
Los Angeles	74	62	0				
Madrid	74	62	0				
Moscow	74	62	0				
Paris	74	62	0				
Peking	76	64	0				
Rangoon	74	62	0				
San Francisco	74	62	0				
Seoul	74	62	0				
Shanghai	76	64	0				
Singapore	80	68	0				
Taipei	74	62	0				
Tientsin	74	62	0				
Yokohama	74	62	0				

WEDNESDAY'S FORECAST — CHANNING: High, 74; Low, 62; Precip., 0. (T-12) NEW YORK: High, 74; Low, 62; Precip., 0. (T-12) LOS ANGELES: High, 74; Low, 62; Precip., 0. (T-12) SAN FRANCISCO: High, 74; Low, 62; Precip., 0. (T-12) SEATTLE: High, 74; Low, 62; Precip., 0. (T-12) PORTLAND: High, 74; Low, 62; Precip., 0. (T-12) DENVER: High, 74; Low, 62; Precip., 0. (T-12) MINNEAPOLIS: High, 74; Low, 62; Precip., 0. (T-12) CHICAGO: High, 74; Low, 62; Precip., 0. (T-12) ST. LOUIS: High, 74; Low, 62; Precip., 0. (T-12) KANSAS CITY: High, 74; Low, 62; Precip., 0. (T-12) COLUMBIA: High, 74; Low, 62; Precip., 0. (T-12) INDIANAPOLIS: High, 74; Low, 62; Precip., 0. (T-12) CINCINNATI: High, 74; Low, 62; Precip., 0. (T-12) CLEVELAND: High, 74; Low, 62; Precip., 0. (T-12) DETROIT: High, 74; Low, 62; Precip., 0. (T-12) PITTSBURGH: High, 74; Low, 62; Precip., 0. (T-12) PHILADELPHIA: High, 74; Low, 62; Precip., 0. (T-12) WASHINGTON: High, 74; Low, 62; Precip., 0. 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A stylized, high-contrast illustration of a city skyline. The scene is dominated by dark, silhouetted buildings of various heights and shapes. In the foreground, a bridge with two prominent arches spans across the lower part of the frame. To the right, a tall, slender tower or chimney rises above the other structures. The overall aesthetic is graphic and minimalist, using white highlights to define the forms of the buildings and the bridge against a dark background.



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## POWER VACUUM IN CHINA: Secret meetings in Beijing amid hints that Zhao could resurface

# The Beijing Rumor Mill: Electric Grates and Paratroopers

BEIJING — Of all the rumors that have swept Beijing in the past week, perhaps the most astonishing was that, in a nefarious attempt to kill demonstrators, the Chinese government had electrified the grates over the city's subway.

The students carefully walked around the grates for a day or two, until they saw that others were walking over them with impunity.

Then the rumored danger was that the army planned to drop paratroopers into Tiananmen Square to deal with the students, and demonstrators carefully searched the skies for this new threat from above.

Perhaps it is inevitable that with newspapers and television stations carefully avoiding the real events, people should rely on rumors.

Some of the rumors are so unfavorable to the government, that the authorities may be worse off with the rumor mill than with an independent press.

"Did you hear?" a businessman asked the other day. "Deng Xiaoping is going to retire in the United States. He's got a lot of money there."

One rumor was a generational variation: It said American bank accounts of Mr. Deng's eldest son, Deng Pufang, had been frozen by U.S. banking officials.

Some of the rumors begin accurately, but get better each time they are handed on.

One rumor started out that Mr. Deng, China's senior leader, had declared that it was worthwhile to bring out 150,000 troops in the capital if that would

bring China 20 years of stability. That may or may not have been true, but at least it was plausible.

Unfortunately for Mr. Deng, a somewhat embellished version was the one that stuck.

It quoted Mr. Deng as saying that to achieve 20 years of stability, it was worth killing 200,000 students.

It is easy to see how rumors start in Beijing. This conversation took place Sunday night on the street: A middle-aged Beijing woman, speaking to a young man in civilian clothes who had a military haircut: Are you a soldier?

Man: Yes, I am.

Woman, astonished: Where did you come from?

Man: Xian. [Xian is a large city in central China.]

Woman, shouting to the crowd: The troops have come! The soldiers are already here! They are from Xian!

A large crowd gathered around.

Woman, triumphantly: So how many of you are there?

Man, looking puzzled: Just two of us. We wanted to come and see the capital.

Another conversation, overheard in the Western district on Sunday morning:

A young man, to a small crowd: The American president, Bush, has said that if the government can't implement martial law within 24 hours, then it isn't effective. [The attribution was inaccurate.]

Another young man: Yes, I've heard that too. And I believe that 24 hours is the accepted international standard. People always say that if martial law isn't

## Rest of Asia Views Turmoil With Hope and Apprehension

By Michael Richardson  
International Herald Tribune

SINGAPORE — Asian countries with a major stake in political revisions in China and its opening to the outside world are watching the Chinese upheaval with a mixture of alarm and hope.

Analysts and officials in East Asia said Tuesday that the outcome of a power struggle in Beijing would have repercussions throughout the region, as Chinese leaders who are prepared to extend economic reform into the political system counter those who want to stifle popular demands for change.

Analysts said that a more flexible and democratic leadership in China would likely hasten a settlement of the Cambodian conflict, restore normal relations between China and Vietnam, and improve Beijing's relations with non-Communist countries of the Association of South East Asian Nations.

"It would change the entire power configuration in this area, especially in Cambodia and other countries of Indochina," said Surin Pitsuwan, a member of the Democrat Party in Thailand, who acts as spokesman for the foreign affairs committee of the House of Representatives.

Chinese support for the Khmer Rouge in Cambodia, one of the main obstacles to a political settlement, "would certainly be reassessed by a new leadership in Beijing," he added.

More than 25 million ethnic Chinese live in Taiwan, Hong Kong and the countries of Southeast Asia. They form a majority of the population in Singapore, Taiwan and Hong Kong.

But even where they are in the minority, Chinese wield extensive influence in trade and commerce. Many have forged economic ties with China over the last decade as

situation in China resolved itself as "bound to affect the perceptions people here have on China."

Shaw Yu-ming, a spokesman for the government in Taipei, condemned the imposition of martial law by Li Peng, the Chinese prime minister.

Mr. Shaw said the Chinese people had "unanimously abandoned" a Communist regime that had misruled the mainland since driving the Nationalist regime onto Taiwan in 1949.

The government in Taipei still claims sovereignty over the whole of China but in recent years has sanctioned a policy of cautious reconciliation with the mainland.

Lee Teng-hui, the Taiwanese president, described the student-led protests in China as a "mass awakening" against Communism and said they showed that Taiwan's drive toward democracy was winning converts in China.

However, in Southeast Asia, analysts warned that turmoil in China would reinforce the fears of regional leaders that a democratic upsurge would disrupt economic progress and social cohesion.

Juwono Sudarmo, dean of the Department of Social and Political Science at the University of Indonesia, said that recent events in China had shown Indonesian authorities the risks of allowing political change to occur too fast.

"They will feel that if there is to be an opening up, it will have to be very selective," he said.

## CHINA: Hints of Zhao Comeback

(Continued from page 1)

emergency meeting of the full National People's Congress to try to force Mr. Li from his post as prime minister.

On Tiananmen Square in the center of the capital, where tens of thousands of students from all over the nation are rallying to demand more democracy, the atmosphere was festive in the early morning hours as rumors spread that Mr. Li had resigned.

"There will be good news," was the refrain. "Li Peng has resigned." However, the students have often reported mistaken rumors in the past, and in the last week there have been false reports that each of the top three leaders — Deng Xiaoping, the senior leader, Mr. Zhao and Mr. Li — had resigned.

For all the flurry of rumors and dispatches it was far from clear that Mr. Zhao was back or that Mr. Li would soon be out. While many foreign diplomats seem to think that Mr. Li has been fatally hurt by his apparent inability to implement martial law, some Chinese officials seem to think that the stalemate could continue almost indefinitely.

Beijing seemed to be returning to normal Tuesday, as some bus service resumed. For the first time since Friday night, darkness fell without any major expectation of a violent crackdown by army units on students in Tiananmen Square.

Citizens continued to turn out at dusk to guard the students and to keep watch on local intersections, but the edge of fear has disappeared.

Students reported that the troops had retreated from their positions at several intersections on the outskirts of the capital. They had been blockaded there for several days by thousands of students and workers, who lay down in front of their trucks and built barriers to block their passage. However, the students said the army units were only retreating a short distance, not from the capital altogether.

China also on Tuesday lifted a martial law ban on satellite transmission of video tape, allowing foreign television networks to resume covering Chinese news without having to rush film by courier to transmission points in Hong Kong or Tokyo.

The ban on satellite transmissions was part of a comprehensive set of martial law regulations that effectively banned nearly all reporting by foreign journalists. The rules were never enforced, partly because the center of the city was run by students rather than police.

Wan Talks With Bush

Mr. Bush announced that he would return to Beijing following a meeting with President George Bush and U.S. officials later said they expected him to press for the ouster of Mr. Li. The Associated Press reported from Washington.

One senior official, speaking on condition he not be identified, said Mr. Wan was expected to urge the National People's Congress to reject the use of military force against pro-democracy demonstrators and to press it to formally oust Mr. Li.

Mr. Bush, in his meeting with Mr. Wan, repeated his call for non-violence and asked Mr. Wan to end the jamming of Voice of America, the White House said.

Demonstrators in Beijing had been relying on VOA broadcasts to keep informed during the protests. The jamming, which began Monday, was the first by China of VOA transmissions since before diplomatic relations with the United States were restored in 1979.

The U.S. official warned that if extensive force was used to break up the demonstrations, the currently good U.S.-China relations could be endangered.

He pointed to the fact that the United States has had no official contact with Chinese authorities in China — for nearly two days as evidence of continued high-level turmoil, adding that the Chinese appear to have shut down all contact with foreign governments.



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## Radio Shows Huge Student Support

By Robert Pear  
New York Times Service

NEW YORK — Chinese radio broadcasts monitored by the U.S. government show strong support for Beijing student protesters in provinces all around China.

Dozens of radio news reports, broadcast in the last five days, paint a dramatic, extraordinarily detailed picture of sympathy for the student demonstrators across the length and breadth of China, from Heilongjiang Province in the far northeast to Inner Mongolia, from Guangdong Province in the southeast to the remote Xinjiang autonomous region in the west.

Demonstrations or marches involving more than 10,000 protesters have not been unusual.

The radio reports indicate that 40,000 students, teachers and writers marched for democracy last week in Chengdu, the capital of Sichuan Province, while the

Guangdong provincial radio reported that 30,000 students marched in the port city of Canton.

According to news reports from Inner Mongolia, "more than 15,000 students from all institutes of higher learning" demonstrated in the streets Thursday to support the student hunger strike in Beijing.

The reports have indicated that there have been protests involving more than 10,000 in at least nine other provinces: Gansu, Guangxi, Guizhou, Hunan, Jilin, Liaoning, Qinghai, Shaanxi and Zhejiang.

Reuters reported that more than 100,000 protesters marched Monday through the thriving new city of Shenzhen, on the Hong Kong border, chanting for democracy and demanding the resignation of Prime Minister Li Peng.

The marchers, organized by the Shenzhen University student union, represented about one-fifth of the population of the city, a showplace set up by the Chinese

## CAPITAL: Students Bring Order From Total Chaos

(Continued from page 1)

road workers let students traveling in groups ride free. Soft-drink vendors in the Tiananmen Square area now charge nonstudents double the ordinary price while giving refreshments free to students with an identification card.

Much of the respect for the students comes not only from the battle they are waging for democracy, but also because of the efficiency they have displayed. A group of office workers contributed a large sum of money to the student fundraising effort, and was pleasantly surprised with a detailed receipt.

In an unusual news item, the official People's Daily seemed to have indirectly praised the conduct of the students in comparison to the activities of the military.

"On May 21, large numbers of peacefully petitioning students from the capital and from other places sat quietly in Tiananmen Square," the official newspaper said in an article Monday. It added that "military helicopters flew to and fro, dropping leaflets which carried Premier Li Peng's speech in bold-face characters, causing wave after wave of disturbances."



Protesters in Tiananmen Square braving a downpour Tuesday in Beijing.

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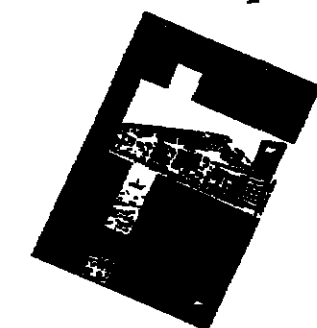
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## AMERICAN TOPICS

### N.Y. Works to Avert More Beach Closings

Beach operators on Long Island are combing trash from the sand with huge mechanical rakes, and catamarans in New York harbor are skimming garbage with steel nets, all in a concerted effort to prevent a repeat of last year's closings of polluted beaches. The New York Times reports. Syringes and other medical waste still wash ashore in small amounts. Procedures for tracking it have been set up, but no source has yet been pinpointed. Last year wash-ups of medical waste, though totaling hardly enough to fill a shopping bag, closed beaches along 200 miles (320 kilometers) of New York-area coastline. Over the winter, beach operators and federal, state and local agencies have been preparing a range of strategies to prevent any more mass closings. Helicopters spot garbage slicks and boats sweep them up before they can float in with the tides. Since January, New York City has covered its garbage barges with netting to keep the waste from blowing off. And New Jersey prison inmates have collected 2,700 tons of debris along a 17-mile stretch of the Hudson River

before it can wash onto the beaches.

### Short Takes

To give teachers more time to talk individually with parents, the Jose Valdez elementary school in Denver has a \$10,000 fund for taking parents out to dinner. Phil Garvin, a local businessman, contributed the money. One pleased father, Jaime Polomo, said that when parents used to go to the school, they had "about 15 minutes to talk with the teacher and that's all."

Steak houses that encourage customers to grill their own T-bones and filet mignons are catching on. Those who do their own cooking pay \$2 less for their meals. The mood is festive as patrons manipulate their tongues at a grill redolent with mesquite smoke, helping each other to make sure no steak is burned. The house policy, as stated by a chef at Chicago's Butcher Shop pit: "You burn it, you own it."

Seeking to slow the steep growth in health-care costs of employees, more and more companies are bargaining with doctors and hospitals and signing up with those offering the best price. The New York Times reports. The trend has its drawbacks. Employees have less choice on where to go for treatment. Doctors and hospitals may be tempted to shortcut expensive procedures, or, conversely, to schedule unne-

cessary office visits. Experts also note that costly new technology and the aging of the population keep pushing medical costs up.

Oil companies continue to branch out into selling soft drinks and junk food, a trend that recalls the early days of the automobile when gas pumps often stood in front of general stores. Of the 113,000 gasoline stations in the United States, about 25,000 include convenience stores that typically generate more than half their revenues, selling products other than gasoline.

On receiving a Horatio Alger Award, honoring people who have gone far from humble beginnings, the columnist Art Buchwald said that the award proved what his father once told him: "If you attack the establishment long enough and hard enough, they will make you a member of it."

**Shorter Takes:** Every year during senior prom time at the high school in Chesterland, Ohio, authorities place a couple of wrecked cars in the parking lot to remind students of the consequences of drunken driving. Saluting the departure of super-stylish "Miami Vice" after five years on television, The New York Times commented in an editorial, "In the era of designer sheets and designer water, 'Miami Vice' was designer TV."

Arthur Higbee

## Study Links Early Pill Use to Cancer

The Associated Press

**SAN FRANCISCO** — Women who took birth control pills while teenagers in the 1960s face about five times the usual risk of breast cancer before they reach menopause, according to a Swedish study.

The research is one of several recent studies to raise concerns that the pill may increase the odds of breast cancer.

While describing their findings as alarming, the Swedish researchers cautioned that birth-control pills have changed substantially since their introduction and that newer pills may not heighten the risk of breast cancer.

The study, directed by Dr. Hakan Olsson at the University Hospital in Lund, was presented Monday at the annual meeting of the American Society of Clinical Oncology.

Dr. Olsson conducted the study in southern Sweden, where the pill

was widely used by teen-agers after its introduction in the 1960s.

He said that the incidence of breast cancer among women under 40 years old had increased in Sweden since the advent of the pill. While the study cannot conclusively blame the pill, Dr. Olsson said, "We have no other explanation for the increase of breast cancer in young women."

Dr. Olsson said that the overall chance of breast cancer before menopause was about 1 percent, while the risk among early pill users was about 5 percent.

The increased risk appears to be limited to those who began taking the pill while young. The research found no increased breast cancer among women who started taking the pill after the age of 25 or after their first full-term pregnancy.

The director of the cancer center at Rush Presbyterian St. Luke's Medical Center in Chicago, Dr.

Jules Harris, said the Swedish study "strongly suggests that birth control pills are linked to early, pre-menopausal breast cancer."

But despite the new studies, some experts have been skeptical. In January, a panel convened by the Food and Drug Administration concluded that the reported links between the pill and breast cancer were still inconclusive.

Doctors also say that the potential dangers of the pill must be balanced against its benefits. For instance, the pill appears to reduce the risk of cancer of the uterus and of the ovaries.

Dr. Olsson's study was based on a comparison of 174 breast-cancer patients with 454 healthy women. Besides showing that teen-age pill users were five times more likely to get breast cancer, the study found that their tumors were larger and their outlook worse than in those who had not used the pill so early in life.

## Black on Black: Abiding Tinge of Discrimination

By Peter Applebome  
New York Times Service

**ATLANTA** — When Tracy Lynn Morrow sued her employer two years ago, her complaint was a common one: She said she had been harassed and discriminated against by a supervisor because of the color of her skin. What made the lawsuit less common was that both she and her supervisor are black. Ms. Morrow said she was discriminated against because her darker-skinned supervisor was prejudiced against light-skinned blacks.

The case has raised an intriguing legal question and brought fresh attention to a surprisingly persistent issue — the degree to which differences in skin color divide blacks.

In the days of U.S. slavery, light-skinned blacks, usually the offspring of white men and black women, were typically given preferred work inside the master's house while darker-skinned blacks were relegated to fieldwork.

Largely thanks to educational advantages granted because of their mixed parentage, the light-skinned were most often leaders among blacks after emancipation.

In denying a motion to dismiss the case, a federal judge ruled this month in favor of Ms. Morrow, saying that federal civil rights laws differentiated color from race and al-

lowed one black to sue another for discrimination based on skin color.

While there is disagreement, some experts say that skin color still remains a sensitive social issue among blacks. "It's still there — still lingering in the subconsciousness of a lot of blacks, even young blacks," said Avery Webber, a sociology professor at Tuskegee University in Alabama. "It's a subtle thing that's still at work."

According to court documents, Ms. Morrow was a permanent clerk typist in the Atlanta office of the Internal Revenue Service. She said she did well under another supervisor but had a strained relationship when Ruby Lewis became her supervisor in November 1985.

Ms. Morrow was fired in March 1986, based on a report from Ms. Lewis that criticized her for tardiness, laziness, incompetence and poor attitude.

Ms. Morrow filed suit under the Civil Rights Act of 1964, naming as defendants the revenue service and the secretary of the Treasury. She alleged that her problems stemmed largely from the fact that Ms. Lewis, a dark-skinned black, was prejudiced because her own skin color was much lighter.

"I had gotten two promotions in six months before she came along, and then all of a sudden I'm nobody," said Ms. Morrow,

27. She said she was by far the lightest-skinned black working under Ms. Lewis. "She never could tell me what was wrong, but it couldn't have been anything but my color."

Ms. Lewis denied that color had anything to do with her evaluation.

The U.S. attorney's office handling the defense moved to dismiss the suit saying that color in the federal statute has "generally been interpreted to mean the same thing as race." The defense contended that meant a person cannot sue another of the same race for discrimination.

On May 11, Federal District Judge Charles A. Moye Jr. ruled for Ms. Morrow, saying that the inclusion of both the words color and race in federal civil rights statutes was a clear indication they represent different issues; he ruled that the case could go to trial.

Judge Moye noted that numerous court rulings had allowed discrimination suits by whites of different national origins or facial characteristics and added: "It would take an ethnocentric and naive world view to suggest that we can divide Caucasians into many subgroups but somehow all blacks are part of the same subgroup."

The case will go to trial but no date has been set.

Civil rights lawyers said that the issue has rarely found its way into the courts. Officials with the Equal Employment Opportunity Commission said they were not aware of any previous court ruling on the issue.

For years, many prestigious black organizations limited their membership to light-skinned blacks. Many black colleges required photographs with applications and favored light-skinned applicants, school officials say. Light-skinned women almost invariably won beauty contests on those campuses.

The black cultural and political ferment of the 1960s and 1970s eroded that caste system, at times turning the tables so that an element of superiority was attributed to particularly dark skin.

"It used to be an issue, but I think we've gotten beyond it," said Ally Mack, chairman of the political science department at Jackson State University in Mississippi. "We've gone through the whole civil rights movement, the idea that black is beautiful. I don't think it's really an issue anymore."

Even those who think the issue is still alive say it is far less compelling than it once was. That it is now more a matter of personal prejudice than a broad-based phenomenon. But some experts feel that on a subliminal level color remains a factor among blacks.

## In Prague, Party of Hope Celebrates Havel's Release From a Prison Cell

By John Tagliabue  
New York Times Service

**PRAGUE** — The party in Václav Havel's apartment overlooking the Vltava River and the Prague cathedral was intended, technically at least, to celebrate Mr. Havel's release from prison.

The noted Czechoslovak playwright and dissident was freed last week after serving four months for supporting opposition rallies.

But with more than a dozen other dissidents still in custody, the occasion turned from celebration to a reaffirmation of the hopes for greater freedom in this severely restricted society.

Hope was fueled early in the evening when Alexander Dubcek, the fallen Communist Party leader during the Prague Spring of 1968, visited Mr. Havel to wish him well.

The fragile new hope was also based on a perception that there is finally concern among Czechoslovakia's aging Communist leaders, long the most servile and least imaginative in the Soviet bloc, that they are falling out of step with the changes fostered by Mikhail S. Gorbachev, the Soviet leader.

At the Havel gathering last Wednesday, a young Polish visitor

expressed the sentiments of many. "When Solidarity has deputies in parliament," he told Petr Pospisil, a Czech dissident, "they will represent you as well."

In June, opposition figures in Poland will take part in national elections called by a government that appears eager to keep pace with the Gorbachev momentum that is also at work in Hungary.

But Czechoslovakia seems to risk drifting into the company of hard-line regimes like those in East Germany and Romania.

In February, Prague complained bitterly when Warsaw and Budapest did not repress demonstrations against Mr. Havel's jailing.

Almost as soon as Mr. Havel was freed, reports of his release were sent out by members of an Eastern bloc news agency that Mr. Pospisil, who faces prosecution for his anti-government activity, helps run.

The uncensored news service supplies reports laboriously typed with carbon copies on old typewriters and circulated through Eastern Europe and to the West.

Still the relative freedoms in Poland, Hungary and the Soviet Union, where critical publications circulate freely, and where the lead-

ers are testing the waters of free elections, remain the envy of Czechoslovaks.

Milos Jakes, the 66-year-old Communist who brought some rejuvenation when he succeeded Gustav Husak, 76, as party leader in 1987, makes all the right noises about change.

He has ousted hard-liners, like Vasil Bilak, 71, the party's toughest arbiter of orthodox, from the ruling Politburo, and has even taken to street-side discussions with citizens, as Mr. Gorbachev has done in the Soviet Union.

There is a gradual cultural thaw, with long-banned works, like those of the émigré novelist Milan Kundera, being prepared for publication, and satires about the government's rigidity appearing on Prague's stages.

To silence critics of its human rights record, the government has named its own rights committee, which entertains tenuous contacts with independent organizations like the Charter 77 rights group.

But it treats Charter 77 members as individuals, refusing to recognize any organization, and independent organizers accuse the government of seeking to co-opt them.

A growing population of dissidents around Charter 77 is systematically hounded, interrogated and, when all else fails, jailed.

But the Czechoslovak leaders, whose tenure began under the eyes of the Soviet invasion troops in 1968, have struck a rough bargain with their 15 million compatriots. The silent majority enjoys what is arguably the most comfortable life in Eastern Europe.

But that agreement has begun to crumble as a younger generation, many born after the Soviet invasion, grows disenchanted.

In recent months, dozens of opposition groups have sprung up, immersing themselves in issues ranging from human rights to the environment.

By last August, thousands of Czechoslovaks dared to mark the 20th anniversary of the Soviet-led invasion by marching through Prague calling for freedom.

Demonstrations and marches multiplied, until in January the leadership used brutal police force to quell a six-day series of marches to mark the day 20 years ago when a student, Jan Palach, died by setting fire to himself to protest the invasion.

The Reverend Vaclav Malý is one of the few Czechoslovaks who will talk to foreigners about what he believes are the costs of this national bargain.

He is a 39-year-old priest whose license to preach was lifted for doing unauthorized work with the young. Now, if he wears clerical garb or celebrates Mass publicly, he faces a jail sentence.

"Dozens of young people I meet feel they are being manipulated," he said, chatting with visitors over coffee in his spare apartment outside Prague.

"They were educated to a two-faced life, a public sphere and a private sphere. They find they cannot live a double life."

The growing national restiveness is fueled by economic factors as well. Beneath the wall-to-wall comfort of Czechoslovak life, the economy's joints are rotting.

Last year, the government's forecasting institute said Czechoslovakia pumps out too many chemicals, too much steel and too many machine tools and must retrench.

But party theoreticians know that dismantling the Czechoslovak rust belt would mean unemployment, which presumably would violate the unstated national accord of prosperity in exchange for submissiveness.



**WEST GERMAN RE-ELECTION** — Richard von Weizsäcker, who won a second five-year term as president in a record vote, accepting congratulations Tuesday in Bonn. Mr. Weizsäcker, 69, a Christian Democrat, ran unopposed.

## Britain Acts to Dilute EC Language Program

By Barry James  
International Herald Tribune

European Community education ministers have agreed on a program to encourage foreign language training, but opposition by Britain and to a lesser extent by West Germany means that the program will not be generally extended to schools as the EC Commission had proposed, officials said.

The dispute was an example of Prime Minister Margaret Thatcher's determination to limit the commission's competence in such fields as health, social affairs and education in the move to a single market after 1992.

Britain asserted that the language program, called Lingua, was an attempt to interfere in national education policy.

According to a commission official, Lingua was a "harmless little program" before Mrs. Thatcher's administration decided to make an issue of it.

The ministers compromised on a program, valued at 200 million European Currency Units (\$184 million) over five years, that provides for exchanges of teachers and university students and aims at improving language training for the adult labor force.

But the compromise does not include a commission proposal that school children be helped through the program to acquire two EC languages in addition to their own. The commission had suggested that would form part of the school curriculum.

As part of the compromise, countries wishing to promote exchanges of school children under the Lingua program will be able to do so only if the students are enrolled in technical, vocational or professional courses.

West Germany also had reservations about the Lingua program on the grounds that it is the German Länder, or regional governments, rather than the federal government that hold exclusive control over educational policy.

But Britain, a commission official said, was blocking the application of the program to schools "almost on a theological point."

"If you want to achieve the objectives of the program, it is fairly stupid in our view to want to do it without the schools," said a senior EC administrator involved with the program. Asked if the issue was seen as a convenient stick for Mrs. Thatcher to beat the commission with, the official replied "certainly."

The official, himself British, said the irony of the situation is that British schools stand in most need of the program because of the poor emphasis they place on foreign languages.

An EC survey showed that 70 percent of the young people in Britain cannot speak a foreign language well enough to converse. By contrast, more than half of the young people in Luxembourg can converse fluently in at least three of the EC's official languages.

The commission proposed the Lingua program earlier this year, saying that "1992 and the urgent timetable for the completion of the internal market have helped put the spotlight on one of the crucial constraints in the construction of the community, namely the need for many more people capable of working through at least two community languages."

## Call to Censure Judge Rejected in Cape Town

The Associated Press

**CAPE TOWN** — Parliament rejected a motion Tuesday from the anti-apartheid legislator Helen Suzman to censure a judge who imposed a fine rather than a stiffer penalty on a white farmer who beat a black worker to death over a two-day period.

Justice Minister H.J. Coetsee, opposing the motion, said that censure of Judge J.J. Strydom would amount to "intimidation of the judiciary." Mrs. Suzman, who last week announced plans to retire in September after 36 years in Parliament, said the sentence imposed on the farmer, Jacobus Vorster, was "a gross perversion of justice" that had tarnished the image of the South African judiciary.

## Herald Tribune

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## Korean Conductor to Get Bastille Post

By David Stevens

International Herald Tribune

PARIS — Myung-Whun Chung, the 36-year-old Korean-born conductor and pianist, has been chosen as music director of the Opéra Bastille, ending a four-month hiatus since the dismissal of Daniel Barenboim on Jan. 13.

The announcement is expected to be made at a press conference Thursday by Pierre Bergé, president of the combined theaters of the Paris Opéra. It was Bergé, appointed last September by the Socialist government, who fired Barenboim — an appointee of the previous conservative government — in an uproarious conclusion to a dispute ostensibly over Barenboim's salary and artistic plans.

Since Barenboim's departure there has been official silence about a successor as music director, virtually a prerequisite for any artistic programming.

At one point, serious negotiations were under way with Marek Janowski, music director of the Opéra de Paris, but Janowski wanted to bring his orchestra with him, which posed insuperable artistic and administrative problems, and the negotiations were called off more than a month ago.

Chung is not particularly well known in France. He has conducted the Opéra de Paris and a concert performance of Prokofiev's "Angel of Fire" at the Paris Opéra, but word of his impending appointment has caused mostly surprise and puzzlement in Paris musical circles.

Nonetheless, in a situation that seems increasingly desperate — with next January still the official goal for the opening of the new opera house — the naming of Chung is a sleeper. He is known mainly for his concert activity, but he has been moving rapidly into the operatic repertoire.

Chung is still probably less well

**'This is a political hornet's nest. I hope that Chung hasn't been chosen as a lamb who can be slaughtered at will.'**

Ernest Fleischmann, Los Angeles Philharmonic

the Juilliard School as a conducting student and in 1978 became assistant to Carlo Maria Giulini and associate conductor of the Los Angeles Philharmonic.

In 1981 he moved to Europe, where he has conducted a number of leading orchestras — the Berlin Philharmonic, Amsterdam Concertgebouw and London Symphony among them. He is currently, until 1990, music director of the Saarland Radio Orchestra in Saarbrücken, West Germany, and principal guest conductor for the Teatro Comunale and Maggio Musicale festival in Florence, where he is currently conducting Mozart's "Idomeneo."

While Chung's operatic experience is slim, he has been moving up in the field. He has conducted Verdi's "Simon Boccanegra" and Puccini's "Madama Butterfly" at New York's Metropolitan Opera, where he is also scheduled to do Musorgsky's "Boris Godunov" next year. In Florence, he is scheduled to conduct Rimsky-Korsakov's "Invisible City of Kitezh" next year, and Berlioz's "Les Troyens" and Prokofiev's ballet "Romeo and Juliet" in 1991.

But the naming of a music director is only one step toward making the Opéra Bastille a functioning reality. In the opera business, contracts and plans are made so far ahead that an opening date of next January now seems to professionals to be utterly beyond reach — except at the expense of quality.

One of the strongest rumors is

of the month, it remains to be seen whether there will be an immediate successor or not, and if there is, what it will be like.

[The Los Angeles Times reported that Ernest Fleischmann, managing director of the Los Angeles Philharmonic, said: "I'm a little surprised that Myung-Whun would accept it. He's a wonderful musician, but this is a political hornet's nest. I hope that Chung hasn't been chosen as a lamb who can be slaughtered at will. He is a highly gifted musician and a man of great integrity. I only hope that he and the administration he gets around him will be able to withstand the pressures there."

[Several candidates are known to have turned down the job after the Barenboim flap. Barenboim has since been named successor to Sir Georg Solti at the Chicago Symphony.]

[In a recent interview with the Los Angeles Times, the French composer-conductor Pierre Boulez, who resigned as vice president for artistic affairs at the Bastille Opéra in protest against the dismissal of Barenboim, said that the opera orchestra had at least 44 vacancies, including several key soloists.]

[Conditions could not be worse to begin an opera house," Boulez said.]

[In Los Angeles for performances with the Los Angeles Philharmonic, Boulez refused to comment further on Chung's expected appointment.]

## 'Sex, Lies' Gets Golden Palm

International Herald Tribune

CANNES — The Golden Palm, the highest honor of the Cannes film festival, was awarded Tuesday evening to the young American director Steven Soderbergh for "Sex, Lies and Videotapes."

The movie also captured the award for best actor, which went to James Spader.

The Special Jury Prize of the 42d festival went to two movies, the French director Bertrand Blier's "Trop belle pour toi" starring Gérard Philipe, and the Italian director Giuseppe Tornatore's "Nuvole bianche," starring Philippe Noiret.

The best actress prize went to Meryl Streep for "A Cry in the Dark," about an Australian woman wrongly convicted of her daughter's murder.

Best director went to Emir Kusturica of Yugoslavia for "Dom za Vesanje" ("Time of the gypsies").

The American director Jim Jarmusch's "Mystery Train" won the prize for best artistic contribution, and the Jury Prize went to "Jésus de Montréal," the Canadian entry directed by Denis Arcand.

A special tribute to Gregory Peck was offered by Yves Montand.



Jeff Healey with bassist Joe Rockman, drummer Tom Stephen.

## Jeff Healey Works Guitar and Gravity

By Mike Zwerin

International Herald Tribune

PARIS — Jeff Healey leads a band of journalists to clichés he's been trying to avoid for 20 years: "You've never heard anything like it... an unforgettable experience... the blues are alive and well." Including the most unoriginal cliché of them all about an electric guitar player: "reminds you of Jimi Hendrix."

The Jeff Healey band, along with the Cowboy Junkies, has been credited with inspiring the so-called "Canadian Movement" in Toronto. It is not all that different from previous such movements in places like San Francisco and New Orleans but there is more work for everybody and better, in any case, than no movement at all.

Sick of interviewers asking him if he identifies with Ray Charles or Stevie Wonder, Healey seems to have decided to go on the offensive and ask the questions himself. He sounded genuinely interested.

"Where you from?" he asked. He's 22 years old, Canadian, blind, sings and plays the blues with what he calls the "mentality of a jazz musician." His album "See the Light" has sold more than 700,000 copies.

"New York?"

"Why did you come over to Paris?" He prefers European audiences because Europeans are fed large doses of programmed (electronic) rock by groups like Depeche Mode and Tangerine Dream and are consequently hungry for bands that "still play real instruments. We have our view of tradition. We are not people who push buttons and let it go at that."

"To get out of New York?"

"What did you do in New York?" he asked. He learned his trade "by getting kicked off a lot of bandstands in scummy places" starting at the age of 14. He listened to B.B. King, Albert Collins and Hendrix. Many clubs did not want to hire a blind musician because they were afraid of the responsibility.

"Journalism. And I play the trombone."

"Trombone?" He was genuinely interested. "I used to play the trombone. Who did you play with?" His collection of 10,000 78 rpm records includes "Lester Young going back to Frankie Trumbauer in the '20s." He rifles junk shops and attends auctions to come up with "a little Bix on some old Paul Whiteman."

Many successful young musicians today are not aware of what they are doing or where it comes from. John Coltrane is ancient history, they have never heard of Jack Teagarden or Lonnie Johnson. I

picked an obscure hero as a test: "Budd Johnson."

"I'm familiar with Budd's work with Louis Armstrong in the early '30s," Healey replied. A press agent reminded us that other journalists were waiting.

"Did you ever meet Benny Carter?" he asked. "What a beautiful man. I met him during the Grammy ceremonies. He's 81, in great shape, he's still experimenting. He was actually nominated for a Grammy. Maybe there is some justice in this world after all."

The telephone rang. I looked around his room. This was no five-star hotel. The small faded room was haunted by ghosts of failed grand and overlooked a courtyard fit for the blues. Either record companies are in no hurry to pay royalties or Healey is in no hurry to spend them. I was reminded of Oscar Wilde, who, on his deathbed in a Parisian hotel, remarked that either he or the wallpaper would have to go. Not being able to see wallpaper can be a blessing. I looked at Healey and smiled. He smiled back. Later I thought how strange that was.

"Give me the receipts," Healey told the caller. "I'll put them through." His voice is deeper, somehow more authoritative than his age. He hung up and explained: "We take care of all our business. Best way to be, we know what's coming in and going out. When you see us on stage, you see three business partners."

Actually that is not at all what you see on stage. Joe Rockman, bass, and Tom Stephen, drums, hold down their chairs with authority and it is true that they are business partners (a collective photo is insisted upon) but Healey is dealing most of the musical shares.

His harmonies resolve to surprisingly delightful places you didn't know existed (you suspect he's surprising himself). There are fast runs, wah-wah, feedback and the rest of it. He plays seated, positioning the guitar horizontally across his lap — an unusual position that has attracted a lot of attention. Suddenly you jump. He springs up and spins and boogies with miraculous orientation through the maze of microphones, wires, hardware and roadies.

"Why did you start playing in a horizontal position?" I asked, blowing my conchshell as interviewer. Following our burst of laughter, he replied: "I put the guitar on my lap because that was the only way I could figure out how to play it when I was three years old. Later I tried to hang it from a strap like everyone else but my way still seemed to make more sense. I like to let gravity work for me."

## In 2 Plays, Uneven Reworkings of Shakespeare and Wilde

By Sheridan Morley

International Herald Tribune

LONDON — While the starriest cast of Shakespeareans recently seen in London or possibly anywhere has been gathering in triumph around the ruins of the Rose Theatre, at Southwark, over in Hammersmith a rather less distinguished but no less hardworking

company has been turning over some other bardic remains to a very different purpose.

At the Lyric Studio, "Cleopatra & Antony" is a curious little rewrite of the classic tragedy that opens up and expands the play by pulling in contemporary material from Dryden and several other authors in order to refocus our attention on the Egyptian queen instead of her Roman suitor.

The intention here would not seem to have been simply or strictly feminist. True, the program notes come complete with such essays as "Women and Power" and a rather dubious list of such latter-day Cleopatras as Anne Boleyn and Joan Crawford, not to mention Jane Russell and Marilyn Monroe, while three of a cast of four are women.

But the Actors Touring Company, which has devised the show under the direction of Malcolm Edwards, seems content to take the Shakespearean puzzle to pieces before reassembling it again in an only very slightly different overall shape, while most of the highlights of the original are given to us in a kind of shorthand version, one that allows Cleopatra (Pauline Black in a remarkable Shakespearean debut) and her two handmaids (Juliet Prague and Susan Henry) to occupy center stage at all times, with Antony (Patrick Wilde) reduced almost to the role of the gentleman caller.

Clearly the idea was to see how the play and our perceptions of Cleopatra would emerge from such a tight-knit studio rethinking, and there are indeed certain advantages in this new collage, not least the

chance we get to hear at length from Octavia, Antony's Roman wife in a furious confrontation with Cleopatra that seems never to have occurred to Shakespeare but is played on this occasion in the best traditions of modern pulp fiction.

As costumes and acting style veer randomly from ancient to modern, it would seem that the production is equally uncertain of precisely where to root itself. Certain ideas and concepts, many intriguing in themselves, are started and then half-abandoned.

At the side of the stage stands an art light and an old costume cupboard, so it looks for a while as though we might be in some Hollywood sound studio of the 1950s, where the actors are perhaps bit players in an Elizabeth Taylor epic and using their many spare mo-

ments to reconsider and then play out various unresolved aspects of the plot.

But this is no Tom Stoppard exploration of minor characters coming into their own, and soon enough we are firmly back onto the paths laid down by the Shakespearean text. The simple truth is that inside only two and a half hours there is really very little time to do more than play out all the major scenes in which Cleopatra appears, adding to them such incidental encounters as are truly unmissable, and allowing one of her handmaids to recap on the famous tribute by Enobarbus.

Antony, once dead, reappears as the infinitely more threatening Octavian Caesar to speed the queen toward the greatest asp disaster in the world. Such individual mo-

ments are powerful enough, but from then on, laurel victory and smooth success are not exactly strewn before this production.

Something about the way the material has been fragmented and recut has weakened the central fabric, so that what we end up with are the annotated highlights from a masterpiece rather than the play or a variant on it.

In a week for ringing changes on familiar texts, the Talawa Theatre Company has brought to the Bloomsbury Theatre an all-black cast in Oscar Wilde's "The Importance of Being Earnest," but again to surprisingly little evident change of purpose. There seems to be no comment here, no point of view, no

desire to alter our perception of the play, just the vague feeling that it might be a little different done with non-white actors.

And of course it is. Looking like a river company from "Show Boat," Talawa's cast tackles the play as if it were a musical from which songs had mysteriously vanished, leaving only such set-piece encounters as the tea-party scene and Lady Bracknell's appalled discovery of the origins of John Worthing.

Mona Hammond may lack the stentorian arrogance of the late Edith Evans, but her Bracknell is powerful for all that. Though Ben Thomas and Gary McDonald as the young rakes are perhaps a little less assured, they get some good laughs from an audience that ap-

peared happy enough to be discovering the play afresh.

□

At the Theatre Royal Drury Lane for one night only in aid of charity, an amazingly starry cast of Broadway veterans including Alex Smith, Patrice Munsel and Kay Ballard joined forces with an English troupe led by Patricia Hodge and Virginia McKenna to bring back to life Cole Porter's "Nymph Errant" 55 years after it was first and last seen in London. Though some way from his best score, it is the one that includes "Experiment" and "The Physician" as well as the song of "Solomon" with which a now-octogenarian Elisabeth Welch brought the house down just as she had when singing it in the original Gertrude Lawrence production.

## REACHING THE EUROPEAN ELITE

## Government leaders

Results from the recent *Who's Who Study\** — a survey of the reading habits of Europe's most eminent individuals — show the International Herald Tribune to be the international publication most read by European leaders in government/politics.

\*By Research Services Ltd., 1986. (Read regularly/often)

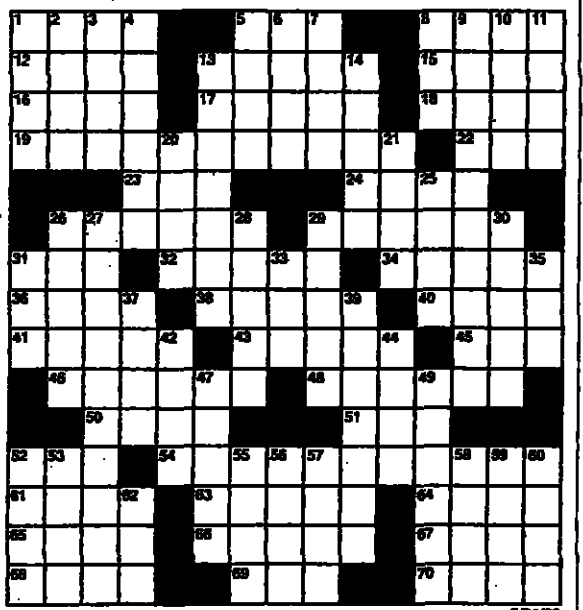


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- ACROSS**
- 1 Parsian milk
  - 5 Sault — Marie
  - 8 At a distance
  - 12 To live, to live
  - 13 Bridge coups
  - 15 Proterance
  - 16 Like — of bricks
  - 17 Thick soup
  - 18 Catch forty
  - 19 Barely making it
  - 22 Bandleader
  - 23 —, a mouse
  - 24 Asian weight unit
  - 26 Needle's partner
  - 29 Joy's antonym
  - 31 Notre Dame's
  - 32 Slow mover
  - 34 A Minor Prophet
  - 36 Submerged
  - 38 Kett and singer
  - 40 Aspen gear
  - 41 Serpent killed by Hercules
  - 43 Devoured
  - 45 Salamander
  - 46 Put on a happy face
  - 48 Uses elbow grease
  - 50 It's — to tell
  - 51 Table scrap
  - 52 Faulkner's — Lay Dying
  - 54 Blundering situation
  - 61 Worn-out horse
  - 63 Offspring
  - 64 Malayan outrigger
  - 65 Karras or Haley
  - 66 Yokels
  - 67 Domingo, to opera bulls
  - 68 Descartes
  - 69 Explorer Johnson
  - 70 Hatchback, e.g.



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- DOWN**
- 1 A wife of Jacob
  - 2 Movie dog
  - 3 "This one — me"
  - 4 Sore
  - 5 City eyesore
  - 6 Poi source
  - 7 Nonflying bird
  - 9 G.I.'s trunk
  - 10 Wood trimmer
  - 11 Pearl Buck's "The Living"
  - 13 Site of Gonzaga University
  - 14 Bout
  - 20 Items in Trevino's pocket
  - 21 Damage
  - 25 Mythical troublemaker
  - 26 Cafeteria items
  - 27 Female servant
  - 28 Old-fashioned
  - 29 Bed items
  - 30 Homeless children
  - 31 Bat wood
  - 33 City in Paraguay
  - 35 Between F.D.R. and D.D.E.
  - 37 Actor Kristofferson
  - 38 Boxers' aides
  - 42 First Arabic letter
  - 44 "Cheers" character
  - 47 A grandson of Adam
  - 48 Ideal state
  - 52 Not closed fully
  - 53 White or fire
  - 54 Chess
  - 55 Sandusky's state
  - 56 Spasmodic contractions
  - 57 Address-writer Chase
  - 58 Indian language
  - 59 Train whistle
  - 60 Nimbus
  - 62 English Channel feeder

**Solution to Previous Puzzle**

MAST CHAT APPT  
ASTA ROGUE WARE  
BEEINNOESBONNET  
ALLOWS CAL DYE  
END CANAPE  
HORDE CAN FEMUR  
ORE PUB SILONE  
CAPTIVEAUDIENCE  
UNREST RTS ILK  
STORM HEE LACES  
BREVET BET  
VIA NIB SLALOM  
ATTHEDROPOFAHAT  
ISEE IOWAN SITE  
LASH NERD TOAD



# Herald Tribune

Published With The New York Times and The Washington Post

## China's Invisible Struggle

As much as Americans rightly salute Beijing's rebellious students, they know that their protest cannot go on forever. Sooner or later, the everyday bustle of Tiananmen Square will be restored. The only question is whether this monumental uprising, watched by the world, will end in violence. The answer depends on the outcome of a larger, invisible struggle—to decide who will succeed Deng Xiaoping as China's chief leader and shape China's relations with the world.

If the army turns harshly on the students, it would be a victory for repressive hardliners personified by Prime Minister Li Peng. But the students may yet disperse peacefully, having been promised something of what they demand—more democracy, a freer press, steps against corruption. That would suggest the vindication of the reputedly more moderate party leader, Zhao Ziyang.

China's mix of guile and dogmatism defies easy analysis. Those outside the inner circle know too little about the workings of the political system. Indeed, lack of information is one of the chief complaints the students raise against a remote, arrogant elite. To clear the square with minimum risk and embarrassment, the regime might promise anything, only to renege later.

What is not conjecture is how big a moral victory the students have won using disciplined nonviolence to make their case for democratic reforms. In Beijing, they attracted support from workers, teachers, bureaucrats, police, journalists and soldiers. Well-wishers poured into streets in cities everywhere in China, and around the world. And in blase Hong Kong, 500,000 people expressed solidarity in the largest demonstration in memory.

The outpouring attests to the frustrations and anger over a People's Republic that blanks out the world's live television coverage of a peaceful popular revolt. And now Voice of America broadcasts are being jammed, so that Chinese will have more trouble learning that seven senior military officers have balked at ordering troops to Beijing to put down the protest.

It is true that China's aging rulers have grim memories of chaos past, notably the Cultural Revolution of 1966-76, bent on making all Chinese conform to a single dogma. Today, in stunning contrast, the Beijing students seek to liberate political discussion and to open windows for all.

The swirl of rumors, the inability to respond to student demands, the confusion about who stands where: All this underscores the need for more open politics. And in this conflict, there should be no doubt what values Americans yearn to see prevail. Drawing on his experience with China's intricate politics, President Bush has tried judiciously to express sympathy for the students without appearing to exhort them.

But Mr. Bush could well remark more plainly that whoever rules China should not take America's cordiality for granted, or confuse shared strategic interest with indifference to democratic principles. Whether or not the Beijing students prevail, there is a universal cause and it would be folly for China's leaders to ignore their voices.

—THE NEW YORK TIMES.

## Make Shamir's Plan Work

The Israeli cabinet formally approved Prime Minister Yitzhak Shamir's peace plan last week and so it was appropriate for Secretary of State James Baker to offer the Bush administration's view of it, as he did Monday with a clarity unusual for diplomatic discourse before a conference of Israel's American supporters. The plan is consequential and has quickly become the only moving vehicle of Middle East diplomacy. Already the Palestinians are starting to explore its central feature, a proposal for West Bank and Gaza elections.

Israel, engrossed in fighting the Palestinian uprising, had been under pressure from Washington to open a political track. This is hard for Israel, and not just because the Palestinians make difficult demands but because many Israelis seek to retain the West Bank, which Palestinians claim as a homeland. Mr. Baker went straight to this central issue, calling on Israel to "lay aside, once and for all, the unrealistic vision of a greater Israel" and to "forswear annexation." He made equally strong demands on the Palestinians to support a secure peace, asking them for a "constructive response" to the Israeli election proposal.

The Israelis have hoped to use an electoral process to avoid dealing with the PLO

(which unquestionably represents most Palestinians), to fend off the Palestinian claim for a state and to keep the Americans from pressing them, as Mr. Baker did, to exchange territory for peace.

The Israeli plan appeals to some in Israel for its potential of producing an agreed West Bank solution, first on autonomy and then on "final status." At least until Monday, the plan had appealed to other Israelis for its seeming contrary potential of helping Israel escape U.S. pressure and evade the territorial issue. Precisely because of that consideration, Israeli doves are leery of the plan. At the same time, Israeli hawks are leery of it because they fear it will put Israel on the slippery slope toward a Palestinian West Bank state.

In these fluid circumstances, the American obligation is to make the plan work for American purposes: to make it a reliable instrument of the Palestinian will, to use it to produce a negotiation that will terminate the Palestinian uprising and the Israeli occupation alike, and to bring Palestinians to a West Bank homeland in conditions protective of Israeli security. Secretary Baker made it evident that the Bush administration is pursuing these essential goals.

—THE WASHINGTON POST.

## Trade: Unfair Is Unfair

On the eve of Washington's crackdown on so-called unfair trade restrictions by other countries, an international panel has ruled that one of America's most outrageous restrictions is unfair, too: the quota on sugar imports. The timing is coincidental, but the message is clear. Unfair trade, like fair trade, works both ways.

Under a deadline set by last year's trade legislation, the Bush administration soon will declare that one or more countries discriminate against certain U.S. products and services and demand negotiations to remove objectionable restrictions. If Washington is not satisfied with the results, the law threatens punitive tariffs on imports from the targeted countries.

Congressional defenders of this unilateral high-handedness claim it is justified because America is more open to imports than are other countries. By threatening to restrict U.S. imports, the law would pressure other countries to lower their barriers. There is nothing wrong with badgering other governments. The risk is that they will balk at America's presuming to be the sole

judge of what is fair and unfair, and that the process will lead to trade warfare and to more, not fewer, restrictions.

The strategy already has had one salutary result. To avoid being targeted, South Korea has agreed to a wide range of measures that should make it easier for foreigners to sell and invest there. But the European Community, taking a harder line, protests that unilateral action by the United States would violate the General Agreement on Tariffs and Trade, the agreement that covers most of the world's merchandise trade.

GATT provides a framework for negotiations to reduce trade barriers—like the ongoing Uruguay Round—and a forum for settling bilateral disputes. Indeed, acting on an earlier protest by Australia, a panel of trade officials has ruled that U.S. sugar quotas violate GATT rules. So America finds itself, in effect, convicted of an unfair practice just as it plans to accuse others.

If not embarrassed, Washington should be sufficiently chastened to admit its own faults, not just find fault with everyone else.

—THE NEW YORK TIMES.

## Other Comment

### Forecasts for China

Only three months ago, Chinese government officials were telling outsiders not to meddle in China's "internal affairs." This followed the barring of the dissident Fang Lizi from a dinner hosted by President Bush in China, and riots in Tibet that were brutally suppressed. Now, China's internal affairs have become the world's business.

Fang Lizi, an astrophysicist, has been watching all this, not in Tiananmen Square but on a television set in his apartment several miles away. A telephone call finds him at home and clearly pleased that others are following his example in demanding a more open China. It had been rumored that the police were watching him around the clock, but Mr. Fang does not think so.

"The police are quite busy in Tiananmen Square," Mr. Fang says. "They're too busy to see me. In fact, some of the police are in the demonstration."

There is a lightness in his voice, as indeed

there seems to be in many other Chinese voices. The clouds brought on by 40 years of oppression have not disappeared, but at least for one brief magic moment in May, the forecast is only partly cloudy.

—Syndicated columnist Cal Thomas.

Chinese students cannot say with any degree of certainty what they mean by democracy. When pressed, they usually agree that with more than one billion people, an illiteracy rate of almost 40 percent and a tiny middle class, the democracy they envisage was not a realistic goal.

In fact, there is no system yet invented that could solve the economic, political and social problems now faced by the Chinese. One thoughtful student from Beijing University conceded that perhaps it will take a generation or two for democracy to come to China. "But," he said, "we are making a start."

—Leo A. Orleans, a China specialist who visited Beijing last week, writing in The Washington Post.

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## China: A Way Out of This No-Win Situation

By Roderick MacFarquhar

CAMBRIDGE, Massachusetts — While China's political situation remains murky to outside observers, one fact is indisputable: By declaring martial law, China's hard-line leaders have put themselves and their country in a no-win position.

It will be impossible for the senior leader, Deng Xiaoping, Prime Minister Li Peng and President Yang Shangkun to remain in power if the military continues to defy their orders for a crackdown.

Even if they do manage to re-establish control over the army, they may survive for a time but will split the country, do immense damage to the reform program, undermine China's international standing and draw the military into the political process.

These past few weeks, Mr. Deng has been obsessed with the memory of Red Guard mobs who humiliated him, crippled his son and tortured and killed party officials during the Cultural Revolution of 1966 to 1976. For him, students on the streets spell terror and chaos, and they have to be brought to heel.

Fortunately, sinner counsels may yet prevail. The physical enormity of the task of moving hundreds of thousands of students from Tiananmen Square, and the virtual certainty of bloodshed, provoked fierce debate among the ruling few.

Many of Mr. Deng's comrades from the Long March, including China's two surviving marshals, a former defense minister, a former chief of staff and the respected widow of Zhou Enlai, have appealed against the use of force. But the more decisive factor was the split among the generals of the People's Liberation Army. When Mr. Deng, as commander in chief, met with the seven military region commanders in Wuhan over the weekend, he obtained personal pledges of allegiance but only minority support for a crackdown. After that, 100 generals signed a letter opposing the use of force.

The army is one of the twin pillars of the Communist revolution, and it retains an institutional credibility long lost by the Communist Par-



The China Syndrome.

Even Mao felt threatened when his defense minister, Lin Biao, became too powerful during the Cultural Revolution. Mr. Deng, after taking power, retired many old generals and reduced the percentage of the military in the party's Central Committee and Politburo. But in the past week, Mr. Deng's policies have freed the genie from the bottle. The civilian survivors of the current political debacle, presumably including General Secretary Zhao Ziyang, would have to move swiftly to reassert control over the army.

The second danger is the one that motivated Mr. Deng above all else: that political decision-making will move from the corridors of power to the streets of Beijing.

What Mr. Deng did not perceive was that the students did not want to run the country. They are demanding only the creation of genuinely democratic institutions.

Like all Communist countries, China has formal institutions of democracy. But Mr. Deng thought of these bodies as fig leaves, not as channels for change and challenge. With reflexes conditioned by 40 years of authoritarian rule, he tried to call in the troops.

The problem for a post-Deng government is to animate these institutions almost overnight in a country that has virtually no experience with democracy. As a first step, the new leaders should do what Mr. Deng should have done in the first place: They should call an emergency meeting of the National People's Congress, or even the People's Political Consultative Conference, in which the party supposedly takes advice from distinguished outsiders. The party could then escape from the corner into which it has painted itself by breathing a lusty life into these semi-moribund institutions.

The writer is director of the Fairbank Center for East Asian Research at Harvard University. He contributed this column to The New York Times.

## What Heats the 'Greenhouse'? The Sun, of Course

By Albert Arking

GREENBELT, Maryland — News stories give the impression that a consensus exists among scientists, and government scientists in particular, that the global warming of the 1980s is primarily the result of increased "greenhouse" gases in the atmosphere.

There is no question that these gases are increasing rapidly and that their overall effect, other things being equal, is to increase global surface temperatures. But the magnitude of their impact is the subject of considerable scientific debate. And there is strong evidence that another factor is having an important influence on climate: solar activity.

The recent upward trend in global temperatures has been the subject of intense scrutiny. The current warming trend goes back only 12 years, however. Before that, temperatures were decreasing or stable from 1940 to the late 1970s—though this period was one of strong growth in world energy consumption and fossil-fuel burning.

Furthermore, the 50 years prior to that—from 1890 to 1940—was a period of significantly less fossil-

fuel burning, yet the Earth warmed up by more than 1 degree Fahrenheit. That represents about twice the amount of the recent warming.

These changes in temperature do not at all follow the pattern of the changes in the greenhouse gases. Indeed, while these gases are a potentially important factor, there are other possibilities to consider.

Volcanic eruptions, for example, are known to influence changes in climate. Volcanic eruptions produce sulfur dioxide, which becomes droplets of sulfuric acid in the stratosphere, forming a global haze.

This haze partly screens the Earth from the sun's rays, and cools the planet. To effect a warming trend, there would have to be a lengthy period in which the rate and intensity of volcanic eruptions is substantially below normal. This has not been the case in recent years.

Another factor—variations in the sun's output of radiant energy—has been identified in many studies. But these variations have not been given the recognition they de-

serve because it was not fashionable to think that the sun's power could vary. (Indeed, it is still common to call the energy from the sun "the solar constant.")

But satellite measurements over the past 10 years have confirmed that such solar variations occur. They reveal that during the last solar cycle—the 11-year period of growth and decline of solar activity, typically manifested by large variations in sun spots, solar flares and other phenomena—the sun's power varied correspondingly.

The amplitude of the observed variation was small (about 0.1 percent during the course of one solar cycle). But once the principle is established that the sun's output can vary over the course of our sun spot cycle, the possibility that over decades or centuries the variations can be much more than 0.1 percent must be given serious consideration.

In fact, there have been substantial changes in solar activity over the centuries, and they correlate positively with temperature changes

The writer is head of the climate and radiation branch of the National Aeronautic and Space Administration's Goddard Space Flight Center. He contributed this to The New York Times.

## A PLO View of Elections in the Occupied Territories

By Bassam Abu Sharif

The writer is a special adviser to the PLO chairman, Yasser Arafat.

THE Palestine Liberation Organization supports the holding of elections in the West Bank and Gaza to choose representatives freely and democratically. But we Palestinians favor a truly democratic choice—not a sham democracy.

We think the election plan proposed by Prime Minister Yitzhak Shamir of Israel is an example of sham democracy. It is a trick aimed at ending the intifada and at legitimizing Israeli occupation.

As long as Israeli election proposals remain vague and separate from the final objective of the right of Palestinians to self-determination, they will be nothing but a device for perpetuating Israeli occupation.

The only genuine form of democracy is that practiced freely without restrictions, threats or any form of intimidation. That is not possible today in the West Bank and Gaza, where any gathering, even of only five people, can be broken up with bullets.

Nor is it possible at a time when Palestinians who try to practice their right to freedom of expression are liable to prosecution. Under the rules of occupation, it is illegal for Palestinians to engage in political activity, to campaign or even to express their national feelings and beliefs.

Another condition for free democratic choice is a set of rules that safeguards those elected.

In occupied Palestine, past experience with elections has been tragic. In 1976, the PLO agreed to elections for the West Bank municipal councils. Of the 116 candidates elected by the Palestinians, 96 were PLO supporters. Three mayors were targets of assassination attempts: Bassam Shaka, Karen Khalaf and Ibrahim Tawil. Mr. Shaka lost his legs in a car bombing. Another bomb cost Mr. Khalaf his foot, and he later died. Mr. Tawil escaped death when he discovered an explosive device in his car.

Two other mayors were deported to Jordan. Israeli occupation forces then removed most of the elected mayors, including all the PLO supporters.

Now the situation is even more dangerous. Israeli soldiers have been deployed in the streets of cities in the West Bank and Gaza for 18 months, using live ammunition against people demanding freedom and democracy. Unless a neutral force is present, the army may repeat the same behavior in Lebanon? These are basic questions, and the United States should attempt to get answers to them.

### The PLO is not afraid of free and democratic elections.

are the PLO. This is why the PLO is not afraid of the results of free and democratic elections. And it is why the Israelis are afraid of such results.

We believe a package deal in the Middle East is the only path to lasting peace. The Palestinians seek a settlement that will put an end to bloodshed in the area—a comprehensive peace, not a truce.

President Bush asked the PLO and Israel to reach a mutually acceptable formula on the issue of elections. This is important. But the crucial point is that he emphasized that the Israeli occupation of Gaza and the West Bank must come to an end.

Here lies the key issue. Only on the basis of Israeli withdrawal can steps toward peace be negotiable and the final status of the West Bank and Gaza be clarified. Is Israel ready to withdraw from the West Bank and Gaza? Does Israel accept United Nations resolutions 242 and 338, which call for withdrawal from territories occupied in the 1967 war? Will Israel cease resorting to state terrorism against the Palestinians, including air raids on refugee camps in Lebanon? These are basic questions, and the United States should attempt to get answers to them.

The Palestinians do not trust Mr. Shamir and his

government. The casualties and sufferings inflicted on them by the Israeli occupation forces give them excellent reasons not to be ready to give the Israeli government the benefit of the doubt and to seek a package deal in the Middle East based on the principles put forward by Yasser Arafat to the UN General Assembly on Dec. 13.

The substance of this package is the two-state solution. The state of Israel will live in peace side-by-side with the state of Palestine, which will be confederated with Jordan. An internationally guaranteed peace agreement will protect the interests of all parties. The process should comprise four interrelated steps:

- A beginning of the withdrawal of Israeli forces and their replacement by international or multinational forces under an internationally assured timetable.
- The election of representatives from the West Bank and Gaza to a legislative body of the Palestinian people. The Israeli withdrawal need not be complete before elections are held, but Israeli soldiers and armed settlers should not be in any position to hinder or endanger voters. The elections should be monitored and observed internationally to guarantee freedom of choice and protection of those elected, so they do not suffer the fate of those elected in 1976.
- An interim period under international or multinational auspices. During this transitional period, the Palestinian legislative assembly will elect an executive body. That executive body will select a team to negotiate with Israel. The negotiations can begin on internal issues but must also consider substantive matters involved in a comprehensive settlement, such as borders and water.
- Preparations for a well-constructed international peace conference, convened on the basis of UN resolutions 242 and 338 and the Palestinian right to self-determination. At this conference, all parties in the regional conflict can raise any question for discussion or negotiation.

The PLO wants a comprehensive peace that will safeguard future generations, both Palestinian and Israeli. It will continue to work toward establishing such a peace in cooperation with all parties concerned.

The Washington Post.

## 100, 75 AND 50 YEARS AGO

### 1899: German 'Frivolity'

The *Herald* says in an editorial: "The London edition of the *Herald* says that the reception of the King of Italy by the German Emperor in Berlin was a magnificent demonstration of pageantry, processions, flowers, decorations and allegorical symbols of Germany protecting Italy. In Berlin, of course, this is all right. But if such a demonstration had taken place in Paris we would have had leading editorial articles in all the London newspapers, comparing the frivolity of the French with the steady, unpretending manners of Germany."

### 1914: Albania Revolt

VIENNA — The new Albanian Minister, Sureya Bey, who arrived here today [May 23], in an interview with a correspondent of the "Neue Freie Presse," said Essad Pasha had been responsible for the Albanian revolt by stirring up Moslem fanaticism. He managed to get together a force of

## For Now, Deng's Been Overthrown

By A. M. Rosenthal

NEW YORK — The truth of what has happened in China is so startling that even now the world hardly takes it in.

For a time, the government of the world's most populous country has lost its power to govern and control the nation. When that happens, a government is in effect overthrown until it shows it can resume control.

Since no other authority is available to step in, the Chinese government will probably be able to pull together what remains of its influence and summon the power to direct the nation once more.

But the fact that there was a time in May 1989 when the government of China was overthrown as the real controlling authority will become part of China's history and is certain to affect China's future.

One reason the Chinese reality is difficult to see clearly is that the nations of the world, particularly the great powers, are terrified of the very idea and cannot acknowledge it out loud. The other is that it all took place so rapidly.

To be counted a government, the authority of a bureaucracy must be recognized by civilian and soldier.

If the following six things happened in any country over a period of a month or two instead of a week or two, the meaning would be plain:

1. The capital's central square is totally occupied by students, angrily but peacefully. First their parents, then residents of the city by the hundreds of thousands join them until the upheaval not only dominates the city but becomes the city.
2. The voices through which the government made its will known, print and electronic journalists, join the rebellion.
3. The government is frozen with surprise because it is so out of touch with the people. It refuses to meet simple internal demands—respect and discussion. The rebellion spreads to cities across the country, without guns or violence; normal national life ceases.
4. The government sends one ultimatum after another to the rebels to disperse. They are rejected everywhere. The rebels increase their price: real freedoms.
5. Orders go from the government to the army to put down the rebellion. This is not an ordinary army. After decades of indoctrination it is supposed to be the extension of the government and ruling party, indisguishable from them.
6. The soldiers are surrounded by the people and for days refuse to move against them. The government sends for more troops. But never again will it be able to count on the loyalty of the army.

All this adds up to civilian and military rejection of authority.

Outside China and inside, diplomats say they do not know who is in charge, if anybody. Even the whereabouts of Deng Xiaoping, supposedly the ruler of the country but suddenly its villain, is a mystery.

The revolutionaries swept China without any of the things other rebellions count on—plans, organized leadership, weapons, supplies, outside help. So eventually the authorities should be able to drive them out or wear them out. Beijing will say it never lost its grip on power.

The nations of the world will nervously agree. It is in their interests to pretend that the government of a billion people had not ceased, however briefly, to rule.

Washington fears that loss of authority in China would bring chaos to big-power relations and to the lives of the Chinese. President Bush does not want to do anything that would cause danger; right, but does he really have to be all that pallid in endorsing the revolution's democratic goals?

Mikhail Gorbachev has a bigger problem with the Chinese revolution. For all his adventurism, Mr. Gorbachev still heads a ruling Communist party, wants no other in his country, and struggles to save some version of communism in the Soviet Union. The new Chinese revolution is not encouraging about what remains of the prospects of any kind of communism, in any country.

The people in the streets and squares of China seem mainly to be thinking about what lies ahead of them. Most likely what lies ahead is long struggle. But as for what they already have done to the Chinese government and for China, nobody will be able to take that away.

It is already written down in Chinese history. They overthrew a government. It will rise—but without a shot they did throw it over, at least for some days in May 1989.

The New York Times.

## NATO: Close The Breach

By Enrico Jacchia

ROME — With a critical NATO meeting only days away, a compromise on the short-range missile dispute is apparently being worked out. But the confrontation between Washington and Bonn is only one dimension of the widening rift dividing the European allies.

Italy, too, is involved in the missile dispute. Six batteries of Lance missiles are positioned in the northeast, near the town of Portogruaro. Their mission in a war would be to stop Warsaw Pact forces from advancing along the Po Valley. The missiles would be used on a 100-kilometer (60-mile) front along the border. They probably would stop the invaders, but of course, they also would savage the beautiful plains

and hills from Trieste to Udine—and the Italians living in them.

The present NATO strategy of forward defense and early use of short-range missiles creates an interesting distinction between the former wartime enemies and allies of the United States. Should short-range missiles ever be fired, West Germany and Italy would face devastation and lasting radioactive contamination of vast regions. No wonder West Germany, with the economic and political power it now commands, and Italy are increasingly unhappy with a doctrine devised when they were, in many ways, second-class allies.

The short-range missile dispute is the tip of the iceberg. The real NATO confrontation will focus on military doctrine. The rift is growing, and not so much between Washington and Bonn as between the front-line allies, West Germany and Italy, and the second-line allies, France and Britain, that might have to use nuclear arms on front-line territory.

Yet, this trend could be reversed. Some Soviet analysts and military strategists have been studying models of a situation of European military stability that would include both NATO and the Warsaw Pact deploying small numbers of short-range nuclear missiles. These weapons would be positioned in agreed-on sites and would be constantly inspected. Their number and location would make them unsuitable for attack but effective for defense.

Meanwhile, some Western analysts and military commanders have conducted similar studies and reached similar conclusions.

If a few nuclear warheads were allowed to remain on both sides in Europe, and if negotiations made it unmistakably clear that they were meant solely as guarantors of defensive stability, the net result would be an improvement over the present uncertainty—and an end to the dangerous confrontation among Western allies.

International Herald Tribune.

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## (Continued)

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**May 23**

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**Coupon No.**

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Inner Fin 94/99	6.5%	25-27	93
Inner Fin 94/99	6%	25-28	94
China Nov 93	6%	08-09	95
Freeze 92/95 (Dm)	5%	30-36	96
1 (Dm)	5%	29-36	96
Inner 97 (Dm)	7%	31-38	98
1 (Dm)	5%	31-35	98
Freez Oct 95 (Dm)	7%	25-39	99
Herzack Dec 93	5%	15-46	99
Freez 94 (Dm)	6%	12-10	99
Order 94 (Dm)	6%	27-30	99
Order 94 (Dm)	6%	29-39	99
1 (Dm)	6%	16-27	99
Work Share 96 Dm	7%	29-36	99
Inner 96 Dm	6%	13-67	99
Inner Fin 99 (Dm)	6%		99

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Mat.	Coupon	Next	
May 99	8.75%	11-08 99	
02 (Ecu)	8%	08-08 99	
October 96 (Ecu)	8.5%	10-07 99	
07 (Ecu)	9%	08-10 99	
2 Ecu	8.75%	08-06 99	
19 Sept 97 Ecu	9%	07-04 99	
19 Sept 97 Ecu	9%	07-04 99	

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**MEDIA MARKETS**

**Japan's Luxury-Car Wars:  
Zen Garden vs. High Tech**

By MICHAEL LEV  
New York Times Service

**L**OS ANGELES — Toyota Motor Corp. and Nissan Motor Corp. are developing radically different advertising strategies to accomplish the same goal: Persuading affluent Americans to spend almost \$40,000 on a large, new and unknown Japanese luxury car.

Toyota plans to concentrate on the technological advances of its new Lexus cars. "You start with the product," said Tom Cordner, executive vice president and creative director at Team One Advertising, the agency for Lexus.

But Nissan is taking a more cerebral approach to its Infiniti cars. "We're not selling the skin of the car; we're selling the spirit," said Don Easton, executive vice president and creative director of Hill, Holliday, Connors, Cosmopolis Inc., the agency for Infiniti.

Call it a difference between the Lexus technology festival and the Infiniti Zen garden.

The different strategies illustrate the marketing challenge facing the two companies, which have set up new divisions and separate dealerships to sell the cars.

Starting from a clean slate, an imageless new car and name, Toyota and Nissan must each find a way to prove that a Japanese automaker can offer the same performance, luxury and prestige found in the showrooms of Europe's top-flight automakers.

Until 1986, when Honda Motor Co. introduced its more expensive Acura automobiles, the Japanese were successful primarily because they made small, reliable, but often dull "economy-bombs."

But the Acura, with a low-key advertising campaign and a strong showing in industry customer-satisfaction ratings, showed that a Japanese car could sell well at more than \$20,000, especially when European car prices were rising steadily.

Now, Lexus and Infiniti have set their sights on two of the world's premier, and most expensive, luxury car lines: BMW and Mercedes-Benz.

While Honda proved with the Acura that a Japanese car could offer more than practicality, Toyota and Nissan will face a tougher proposition when they ask buyers to forsake vaunted West German craftsmanship and choose the Lexus LS400 or the Infiniti Q45, which are both expected to be priced above \$35,000. (Both Lexus and Infiniti will also sell lower-priced cars, still costing more than \$20,000, but they are concentrating on their most expensive models.)

**E**XECUTIVES of the Lexus and Infiniti divisions assert that their most expensive cars, outfitted with V-8 engines, compare favorably with BMW and Mercedes technology. The body design is similar, with the Lexus looking much like a Mercedes and the Infiniti taking its styling cue to the British-made Jaguar. And the Japanese cars are still \$10,000 to \$15,000 cheaper than their European rivals.

But such facts can sometimes carry little weight. In this business, after all, how a car looks in a restaurant parking lot is often as important as how it performs on the highway.

"It is paramount that a manufacturer introducing a new luxury mark focus on building an image," said Christopher Codrington of J.D. Power & Associates, an automotive consulting concern in Agoura Hills, California. "One of the reasons why you buy a luxury car like a Mercedes-Benz or a BMW is the image that it lends to you, why should you buy an Infiniti or Lexus when they mean nothing?"

Toyota and Nissan officials agree that image is crucial to their cars' success. But they do not agree on how to achieve it.

With the Lexus scheduled to be introduced on Sept. 1 and the

See LUXURY, Page 18

**Fed Seeks  
Talks on  
Mexico**

**N.Y. Bank Enters  
Debt Negotiations**

Reuters

**MEXICO CITY** — Mexico, which is seeking more money from commercial banks than they appear ready to lend it, said Tuesday that the president of the New York Federal Reserve Bank had invited private-sector creditors to a meeting with heads of three multilateral financing agencies to discuss the country's situation.

The Finance Ministry said in a statement that E. Gerald Corrigan had invited the chairmen of the 15 banks that represent Mexico's commercial creditors to a meeting with the heads of the International Monetary Fund, the World Bank and the Inter-American Development Bank next Tuesday.

Meanwhile, in New York, Bankers Trust New York Corp. said it was hosting a meeting of the bank's chief executives to brief them on the progress of negotiations with Mexico, which began April 19.

According to the Mexican Finance Ministry, Mr. Corrigan expressed the hope that the bankers will have made significant progress by the time of the meeting.

The United States has been particularly interested in such progress since Treasury Secretary Nicholas F. Brady set forth a proposal in March that envisaged reduction of debt owed by Third World borrowers in exchange for guarantees of future interest payments. Resources of the World Bank and the IMF would be tapped in connection with the plan.

Mexico already has taken restructuring steps to improve its economy, and observers have said its agreement would be a benchmark for pacts with other debtors.

But Mexico has sought a six-year financing program totaling \$7 billion a year, which banks rejected as too aggressive. The banks are reported to be offering a three-year plan totaling less than half the amount and reducing Mexico's debt by 30 percent instead of the 55 percent it had asked for.

**Zaire Pays Arrears**

Zaire has ended an almost year-long rift with the International Monetary Fund by paying arrears of 100.2 million special drawing rights (\$124.2 million) to the organization and signing a letter of intent for a new structural-adjustment loan, sources in Kinshasa told Agence France-Presse on Tuesday.



Rand Araskog: A traumatic but necessary process of slashing and burning has started to pay off.

**ITT: A Far Leaner Machine**

**U.S. Conglomerate, Still Far-Flung, Is Changing Fast**

By Claudia H. Deutsch  
New York Times Service

**NEW YORK** — Earlier this year, Rand V. Araskog, chief executive of ITT Corp., held the company's first worldwide management meeting since 1981. Someone asked what he thought ITT would look like in the year 2000. All Mr. Araskog could do was laugh.

"Only one person in the room had been at the first management meeting in 1963, and of all the companies that had been in the ITT stable back then, only four tiny businesses remained," Mr. Araskog recalled.

"All I could say was, 'With a track record like this, how could I possibly know what we'll be a decade from now?'"

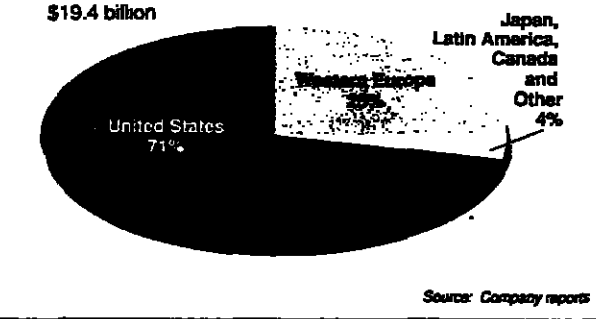
It is probably just as well that Harold S. Genese, the retired ITT chief whom many business historians credit with touching off the acquisition craze of the 1960s, hardly ever drops by ITT anymore.

For Mr. Araskog, 57, a former West Pointer who took ITT's top spot in 1978, has been tinkering mightily with the legendary Genese Machine.

In the Genese tradition, ITT

**Where ITT Makes Its Money**

Total 1988 Worldwide Revenues: \$19.4 billion



Source: Company reports  
The New York Times

is still a hodgepodge of nine product and service businesses as diverse as hotels, timber, automotive parts and insurance. But many businesses—baked goods, consumer appliances and cosmetics, to name just a few—are gone. ITT's core telecommunications business is now part of Alcatel NV, a joint venture with France's Compagnie Generale d'Electricite, although some ITT-watchers and at least one ITT executive think the compa-

ny should get out of the venture. The headquarters staff is down to 400 people, from more than 2,000. And ITT will soon vacate its plush Park Avenue, New York headquarters for smaller, cheaper offices on Manhattan's West Side and in Secaucus, New Jersey.

The slash-and-burn process was a necessity for ITT, which was mired in debt just five years

See ITT, Page 15

**Durable Orders  
Increase in U.S.  
For 2d Month**

Compiled by Our Staff From Dispatches

**WASHINGTON** — A surge in demand for electrical machinery led a 2.9 percent rise in orders for U.S. durable goods in April, the second consecutive monthly increase, the Commerce Department announced Tuesday.

The surprisingly strong increase in orders suggested that U.S. economic expansion is continuing, leaving little scope for a cut in interest rates soon, economists said.

The news provided a motive to sell stocks, traders said, and prices were lower on the New York Stock Exchange. Prices also dropped on the bond market.

Hugh Johnson, chief investment officer for First Albany Corp., said the report "took the starch out of bonds and the stock market."

"It suggests a strong economy," he said.

Mr. Johnson noted that monthly figures on durable goods are "not that important in the long-term scheme of things," but he said April's rise might cause uneasiness among some stock and bond traders that the economy is picking up steam.

"This number may suggest to a few that we will accelerate and be an excuse—and not a good one—for some profit-taking," he said.

Orders for durable goods, items designed to last at least three years, rose \$3.7 billion to a seasonally adjusted \$129.1 billion, the department's Census Bureau reported. The 2.9 percent increase from March was the biggest since December, when orders soared 7.4 percent to record levels, the bureau said.

Orders had jumped 1 percent in March after a decline of 3.4 percent in February and a 2.8 percent fall in January.

Many economists and market participants had expected a rise of 0.7 percent in April durable-goods orders.

Bill Dudley, an economist with Goldman Sachs & Co., said, "This should act to keep the Federal Reserve from easing monetary policy right now despite the strength in the dollar."

Financial markets have specu-

lated that the Fed, the U.S. central bank, might cut key lending rates in order to temper the dollar's rise, but economists said the Fed was too concerned about inflation to ease credit policy right now.

Excluding the volatile military-goods category, durable goods orders rose a strong 4.7 percent in April from a 0.9 percent decline in the previous month.

The largest increase in April orders was for electrical machinery, up \$1.7 billion, or 9.4 percent, to \$20 billion, the bureau said. About half of the increase reflected orders for communications equipment.

Primary metals increased \$700 million, or 5.6 percent, to \$12.5 billion, with nonferrous metals accounting for almost all the increase. Nonelectrical machinery was up \$300 million, or 1.4 percent, to \$22.6 billion.

Transportation equipment increased \$200 million, or 0.6 percent, to \$37.3 billion. Most of the increase was in motor vehicles and parts but orders for aircraft and parts remained at high levels, the bureau said.

Excluding orders in the transportation sector, durable-goods orders rose 3.9 percent, the biggest such increase since April 1987, the bureau said.

Shipments of durable goods increased \$2.7 billion, or 2.3 percent, to \$123.1 billion, after three consecutive monthly declines.

"There was strength across the board in a number of categories," said Kevin Flanagan, an economist with Dean Witter Reynolds Inc.

Joe Laro of S.G. Warburg Securities Inc. said, "I think the report is indicative of the economy's ability to outperform expectations as it has done consistently over the past four or five years."

He said the durable-goods report and the stock market's recent strength hint at a sharp rise in the U.S. index of leading economic indicators for April, due out on May 31. Stock prices and orders are components of the index.

Several economists have said they expect the index to rise about 0.7 percent in April, though Mr. Laro said it could approach 1 percent.

(Reuters, UPI)

**Currency Rates**

Cross Rates	May 23
Amsterdam	3.82
Brussels	48.03
Frankfurt	2.873
London (S)	1.565
Milano	1,658.65
New York (S)	1,562.50
Paris	1,562.50
Tokyo	142.45
Zurich	1,781.5
1 ECU	1,688
1 DM	1,688

Other Dollar Values	May 23
Argentine peso	163.00
Australian dollar	1.5445
Austrian schilling	14.11
British pound	1.72
Canadian dollar	1.1775
Chinese yuan	2.221
Danish krone	7.809
French franc	6.5536
German mark	2.0037

Forward Rates	May 23
30-day	1.5747
60-day	1.5798
90-day	1.5848
180-day	1.6125
360-day	1.6412

**Interest Rates**

Europe Currency Deposits	May 23
1 month	5 1/4 - 5 3/4
3 months	5 1/4 - 5 3/4
6 months	5 1/4 - 5 3/4
1 year	5 1/4 - 5 3/4

Key Money Rates May 23	May 23
3-month T-bill	7.00
6-month T-bill	7.125
9-month T-bill	7.125
1-year T-bill	7.125
3-month CD	7.125
6-month CD	7.125
9-month CD	7.125
1-year CD	7.125

U.S. Money Market Rates May 23	May 23
3-month T-bill	7.00
6-month T-bill	7.125
9-month T-bill	7.125
1-year T-bill	7.125
3-month CD	7.125
6-month CD	7.125
9-month CD	7.125
1-year CD	7.125

**Carrier Gets  
Day to Fund  
Shuttle Bid**

Compiled by Our Staff From Dispatches

**NEW YORK** — A federal judge postponed for one day on Tuesday a hearing on which two of Eastern Airlines Inc. should accept for its Northeast shuttle, apparently because America West Airlines Inc. has been unable so far to raise the necessary funds for its bid.

Eastern, a Texas Air Corp. subsidiary that has been operating under bankruptcy-law protection from creditors since March 9, has agreed to sell the shuttle for \$365 million to Donald J. Trump, the developer and casino operator.

But America West has made a competing offer that could be worth up to \$90 million more to Eastern.

Judge Burton R. Lifland granted Eastern's request to allow America West to obtain a firm financial commitment by 5 P.M. on Wednesday. "If not, then the America West offer will be deemed withdrawn," said Harvey Miller, an Eastern lawyer. In that case, he added, the sale to Mr. Trump would proceed.

The developer, whose offer is to expire Friday, said he would not extend the deadline. He already has financing in place and is ready to close the deal.

Eastern wants to complete the sale to Mr. Trump but is obliged to consider America West's offer, which is \$415 million for the shuttle or \$375 million excluding 21 planes that could be sold for \$60 million to \$80 million more.

Eastern's sale of the shuttle and other assets are subject to bankruptcy court approval.

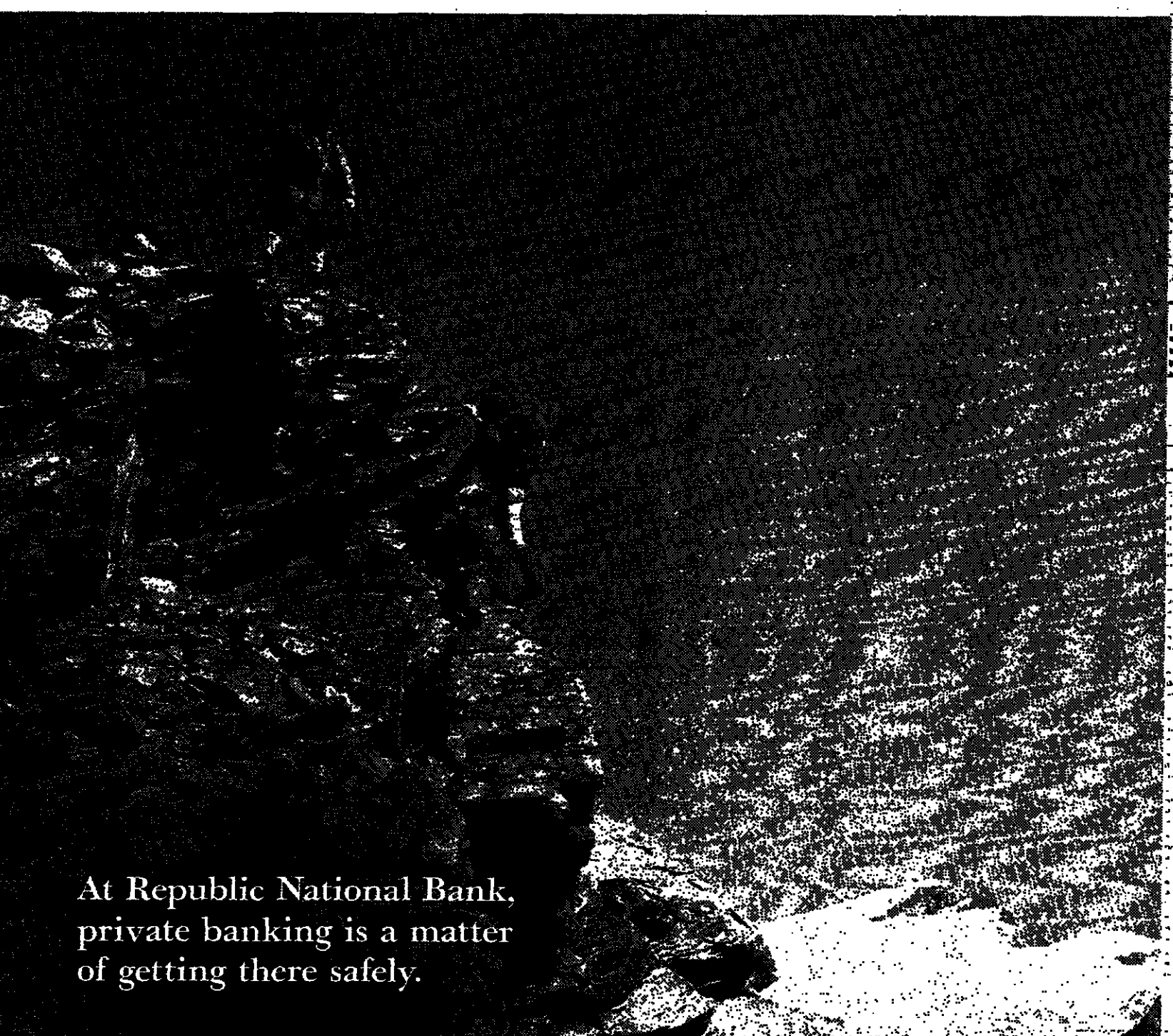
Bruce Noble, president of Trump Shuttle Inc., said, "It's clear they're having trouble raising the money." He said he was optimistic that Mr. Trump would be able to complete the purchase.

Eastern's shuttle connects New York's La Guardia Airport with Boston and Washington.

America West Airlines said it was pursuing the Eastern shuttle even though on Monday it was awarded long-sought landing slots formerly assigned to the Texas Air unit at La Guardia and Washington National.

America West said that it planned to begin one-stop service

See EASTERN, Page 14



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**Herald Tribune**

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## EUROC

The Euroc Group

In 1988 the Swedish-based Euroc Group strengthened its position as a leading building materials company by making major acquisitions, primarily in the United States, Great Britain and The Netherlands. Group earnings increased substantially for the second year in a row, due to a strong trend of deliveries, high utilization of plant capacity and the effects of acquisitions and restructuring measures. Earnings after net financial items increased 78 percent, to SEK 821 million. The Group's return on capital employed in industrial operations was 21 percent, which exceeded Euroc's long-term target. Euroc's 1988 earnings are expected to be higher than last year, due to continuing strong demand for its products and the impact of acquisitions on sales and earnings for the full year.



EUROC

## ORKEN

Building on its highly encouraging 1987 performance, the Group tripled profits in 1988 to FF 3 billion, which represents an outstanding return on sales. Two years of restructuring bore fruit in 1988, as operating conditions proved highly favorable. Substantial productivity gains were a significant feature of the year, contributing particularly to the return to profit of the fertilizer sector.

Sales totaled FF 21.5 billion, up from FF 20.3 billion in 1987, a comparative increase of 6%. These results permitted Orken to launch an important program of development and investment: the sums involved in 1988 amount to FF 2.5 billion, half of which relate to investment in new production equipment and half to acquisitions. They also enabled the Group to stabilize its financial position. Orken is strong in many key sectors of the chemical industry including Thermoplastics, Acrylates, Polymeric Materials and Adhesives. Orken is the third largest European fertilizer manufacturer. It is also the third worldwide ink producer through its association with Lonitex and the British Company, Coates. It is the leading paint manufacturer in France.

ORKEN

## SKANSKA

Skanska is one of Europe's leading civil engineering and building contractor. 1988 was a successful year. The company has undergone a series of major organizational changes. This restructuring had led to the formation of eight separate and specialized business units.

International property investment continues to develop with undiminished and solid progress. The Skanska Group reports 1988 revenues of SEK 23,090 M, and income before allocations and taxes of SEK 1,804 M. Revenues outside Sweden amounted to SEK 1,778 M. The Group's income from contracting operations after depreciation was SEK 820 M. Return on capital employed was 16.4% and return on shareholders' equity was 15.9%.

SKANSKA

## AMETEK

AMETEK, INC. (NYSE/AME)

It was a milestone year for AMETEK, in November the high-tech industrial manufacturer spun off 14 of its business to form a new company — Ketema (amex-KTM) with annual sales of about \$200 million — and distributed its shares to AMETEK stockholders. What stayed with AMETEK is its high-

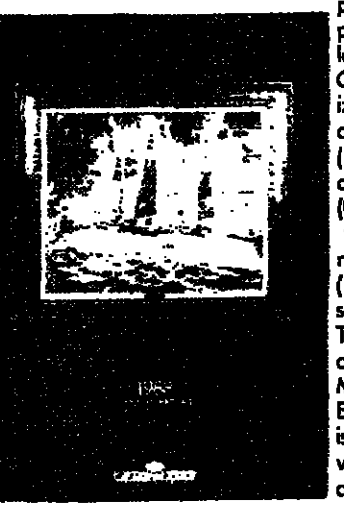


growth international businesses — aircraft, automotive, laboratory and process instruments, high-performance electric motors and advanced industrial materials — with records sales in 1988 of more than half a billion dollars. AMETEK's unique dividend record also continued in 1988 with a 14 percent increase to 60 cents per share, the 39th consecutive year of higher payments to its stockholders.

## CAP GEMINI SOGETI

EXPERTISE IN INFORMATION TECHNOLOGY

CAP GEMINI SOGETI, an independent and public group with more than 12,000 employees, is one of the leading computer professional services companies in the world and the largest in Europe. In 1988, CAP GEMINI SOGETI realized consolidated revenues of F.Fr. 5.8 billion (+ 43.6%) - distributed among the United States (CGA) and Europe. Net profitability after taxes reached F.Fr. 402 million (+ 43.6%), which represents 6.9% of revenue. The company is registered on the Monthly Settlement Market of the Paris Stock Exchange and its leadership is acknowledged in all advanced software technologies.



## HAFNIA INVEST

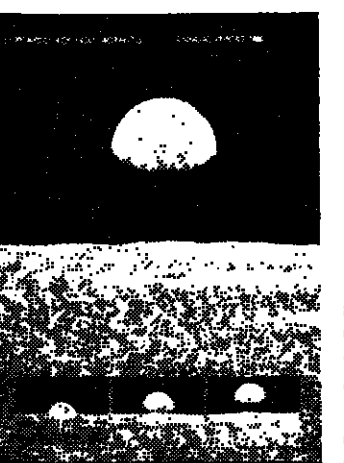
In 1988 Hafnia Invest, which is the parent company of Denmark's leading financial services group, achieved the best earnings ever with total operating profits and capital after taxation of DKK1,402 million.

Hafnia Invest Ltd. — Financial Highlights	1988	1987
DKK million		
Profit and Loss Account		
Profit	296	262
Balance Sheet		
Total assets	6446	4155
Shareholders equity	5257	3594
Key Figures	1988	1987
Profit per share of DKK100	48	33
Free operating profit	146	139
Free capital gain	194	—
Total	340	139
Dividend	88	70
Dividend adjusted for capital increase	88	52
Book value per share of DKK100	552	472
Price/earnings (price of year-end)	83	89
Price/revenue (price of year-end)	0.64	0.7

The Hafnia Invest Group comprises the Hafnia Insurance Group, Hafnia Trust and Investment Bank Ltd., Hafnia Merchant Bank Ltd., Hafnia Service Ltd., Hafnia Real Estate Ltd. and Hafnia Fund Raising Company Ltd.

## ROBECO/ROLINCO/RORENTO

These three companies form part of the Dutch Robeco Group, one of the world's leading investment houses. Their combined portfolios of blue-chip equities (Robeco), growth oriented stocks (Rolinco) and bonds (Rorento) were worth US\$11.2 billion at the end of 1988.

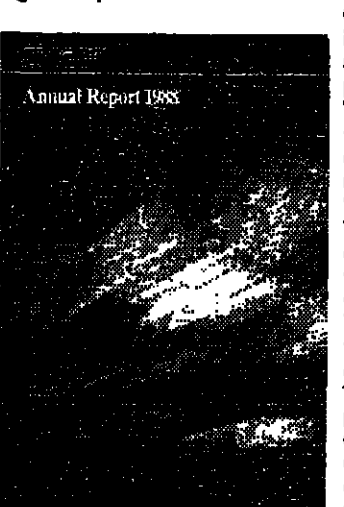


Respective 1988 dollar performance results were 8.7%, 13.8% and -0.3%. Average annual dollar performances over the past five years have been 21.5%, 19.2% and 18.4%, respectively. For details of our uniquely low management costs (0.21% - 0.30%) and easy access to all Robeco Group companies through a Robeco Geneva Account, send for our annual report.

ROBECO

## SKF

SKF is the world market leader in rolling bearings with operations in 130 countries and total sales in 1988 of 21,248 million Swedish kronor. The Group has a 20 per cent world market share, excluding China and Comoros. While rolling bearings account for four fifths of the sales, the Group also manufactures and sells grinding machines, cutting tools, components and systems for aircraft, linear motion materials handling and textile machines, as well as many other mass-produced precision engineered products.



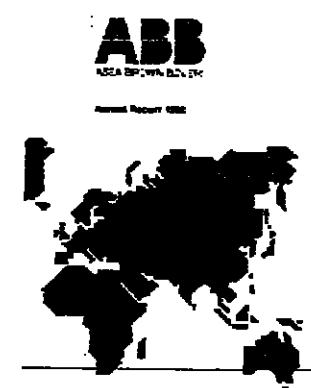
Operations in the field of rolling bearings have been restructured to provide for improved customer orientation. The results have been positive with the growth in SKF's volume exceeding that of the market both in Europe and the U.S. The SKF share price developed favourably during 1988 with the price of the unrestricted B share rising from 233 kronor at the beginning of the year to 398 kronor at year-end. The Board of Directors proposes an increased dividend of SEK 14.00 per share. It will also recommend a four for one stock split at the Annual General Meeting.

SKF

## ABB

ASEA BROWN BOVERI

Asea Brown Boveri is the world's leading electro-technical company. In 1988, the first year of its existence, ABB showed revenues of U.S. \$18 billion, net income of U.S. \$386 million and some 170,000 employees. Half of total sales stemmed from power generation, high-voltage transmission and medium and low-voltage distribution. ABB is also active in the fields of transportation, drives and automation, environmental control and financial services. The ABB Annual Report 1988 is available in English, German and Swedish.



## CSX CORPORATION

CSX Corporation, with assets of \$13 billion and 1988 revenue of \$7.6 billion, is an international transportation company which offers rail, container shipping, barging and trucking services, and has interests in real estate, resorts and technology.



## McDonald's Corporation

About the McDonald's System

The McDonald's System is the largest foodservice organization in the world. The Company, its franchisees and affiliates operate more than 10,500 McDonald's restaurants, each offering a limited menu of high-quality food, which can be part of a well-balanced diet. These restaurants are located in 50 countries. The System has pioneered food quality specifications, equipment technology, marketing and training programs and operational systems that are the standards of the industry throughout the world.



McDonald's



## SAAB-SCANIA

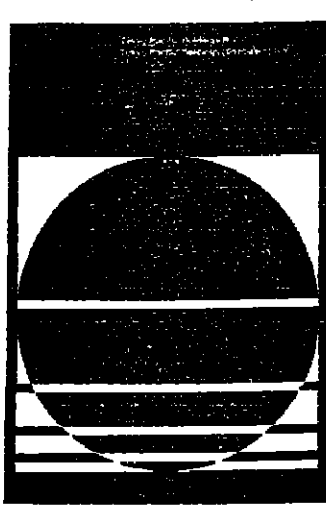
Saab-Scania develops, manufactures and markets products in the "means of transport" sector: cars, trucks and buses, civil and military aircraft, missiles and satellites, as well as industrial automation.

Consolidated sales of the Group amounted 1988 to SEK 42.5 billion and consolidated income to SEK 3.2 billion. Pre-tax return on capital employed was 19.4 per cent and the equity/assets ratio 50 per cent. Capital expenditures for property, plant and equipment and expenditures for research and development was SEK 6.3 billion, equal to 14.8 per cent of consolidated sales. There were 50,000 employees. For your own copy of Saab-Scania's 1988 Annual Report write to: Saab-Scania AB, Corporate Communications and Public Affairs, S-581 88 Linköping, Sweden.

SAAB-SCANIA

## TOKYO PACIFIC HOLDINGS N.V.

Tokyo Pacific Holdings N.V. gives shareholders an opportunity to participate in the economic growth of Japan. Shares of TPH are listed on the Amsterdam, Dusseldorf and Frankfurt stock exchanges. During 1988 the N.A.V. appreciated + 20.2% plus dividend. In the first quarter of 1989 the N.A.V. increased by 9.8%. Investors may purchase shares through banks and brokers throughout the world.

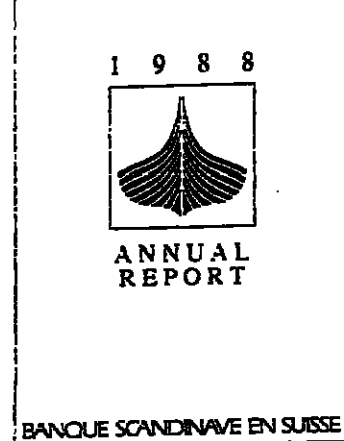


TOKYO PACIFIC

## BANQUE SCANDINAVE EN SUISSE

A Swiss bank providing both private and institutional clients with a comprehensive range of investment and banking services, and focusing on global portfolio management in Geneva, Zurich, London and Paris.

Pursuing its development strategy with regard to the coming economic integration within the EEC, the Bank opened a 51% owned subsidiary in Paris to specialise in international investment management, the BANQUE SCANDINAVE-TUFFER.



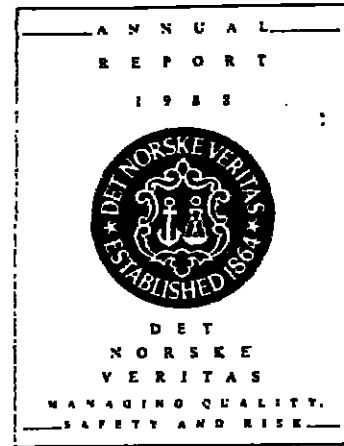
Though commission income dropped in the aftermath of the October 1987 fall in stock markets, the year saw an increase in lending activities, and a growth in funds under administration to 6.3 billion Swiss francs. Net profit for 1988 was stable at CHF 13 million, and total assets were CHF 1275 million at year end. The Intelsco equity fund had a performance of over 20% and the value of each share of the BSS Bond Fund increased by 16%.

BANQUE SCANDINAVE EN SUISSE

## DET NORSKE VERITAS

An independent foundation established 125 years ago, Det norske Veritas, through a group of wholly owned and subsidiary companies, today offers quality, safety and risk-management services to international industry.

Det norske Veritas Classification A.S. is one of the world's leading maritime classification societies. DNV Industry A.S. provides services in safety, quality and reliability to a wide range of land-based industry, and Veritas Offshore Technology & Services (Veritas) A.S. concentrates on consultancy assignments for the oil industry. Other subsidiaries are active in aerospace, information technology and strategic research. Financial performance developed positively during the year: the Group achieved a 1988 profit of 61 million Nkr. (\$8.95 million) on sales of 1,571 million Nkr. (\$231 million). Det norske Veritas, N-1322 Hovik, Norway.



DET NORSKE VERITAS

## NATIONALE NEDERLANDEN

Nationale-Nederlanden is one of the world's leading insurers with 25,000 employees in 22 countries. The group offers services in all types of life and non-life insurance, including professional reinsurance and other financial-related services.

Revenue for 1988 increased by 17% to over D.Fls. 20 billion and net profit increased by 12% to D.Fls. 787 million. Total assets reached D.Fls. 82 billion at the end of 1988. Dividend for 1988 was set at D.Fls. 2.80 per share. With the latest acquisitions in North America the executive board expects further increases in revenue and profit for 1989.

NATIONALE NEDERLANDEN

## SANDOZ

Sandoz, with sales of S.Fr. 8,979 million (up 7%) and earnings of S.Fr. 627 million (up 16%) in 1987, is a specialized manufacturer of chemical, pharmaceutical, crop protection, seed and nutrition products.

Headquartered in Switzerland, Sandoz is a research oriented group with worldwide operations. The company spent S.Fr. 805 million on Research & Development in 1987, most of it was in the pharmaceutical area. Sandoz enjoys a superior financial strength achieved through excellent performance. With year-end 1987 liquid assets accounting for more than 25% of total assets.

SANDOZ

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**Herald Tribune**

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IHT0524







The order from Saudi Arabia marks the second time in recent weeks AMR has gone outside the United States to buy planes.

In March, American ordered up to \$3 billion of 94-seat jetliners from Fokker NV of the Netherlands. The F-100 planes will

The previous month, American placed orders for up to 150 long- and medium-range planes, worth about \$7 billion, from McDonnell

**Private Sector**

## Sale of 2d Airline Is Part of Plan to Spur Competition

Mexicana had longed to fly the route; it and prestige for both its U.S. and foreign markets. But Mexicana was barred from flying to New York by the Mexican government, which wanted to reserve the lucrative route for Aerolineas de México.

United States and Mexico stand to benefit from the new bilateral commercial air agreement, which significantly increases access for airlines in both countries' markets in the other.

Companies will now be flying between the United States as a result of this agreement, says Eduardo Eggleston, commercial di-

...ment, which replaces a far more  
that had been in effect for a decade  
September after two years of negoti-  
is only now starting to be felt

...national carriers, which in the past

to maintain their dominant position in new markets, like San Jose in North Carolina, while expanding their service to airfields in Philadelphia and Tampa, Florida. The airlines' success has been strikingly evident in Mexico, air fares there have fallen 50% in the last two years, and both domestic traffic and cargo have risen. (AP Wire)

(Continued from first finance page) ing aircraft and other assets. ■ Pan Am-NWA Bid

A man describing himself as the head of a newly formed investment group said the organization was contemplating simultaneous takeover bids for NWA Inc. and Pan Am Corp. valued at a total \$4.92 billion. Reuters reported from New

An investment banker for NWA said Mr. Stern had contacted it and that he was asked to prove he could

finance the deal, which he has not done. Pan Am has said it may bid for NWA, which faces a hostile \$2.7 billion offer from the investor Marvin Davis.

Later, the New York Stock Exchange said in a statement that it

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**Conversion Rights**

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ventures shall be paid to the  
of business on the Regular

option of the holders thereof  
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 company at any time prior to,  
 on price of 352.10 Japanese  
 converted interest from

**KOMATSU LTD.**  
**By: CITIBANK, N.A.**

as Trustee

Closing	Tue.	Mon.
Deutsche mark	2.0070	2.0090
Pound sterling	1.5635	1.5680
Japanese yen	141.95	142.85
Swiss franc	1.7670	1.7720

Another official said the only way for the United States to lower interest rates without rekindling fears of inflation was either by increasing savings or reducing investments.

the Plaza Agreement in 1985 had "created the conditions for U.S. industry to carve out a larger share in world markets." But he warned that the dollar's renewed rise risks cutting this export drive "dead in its tracks."

Some bankers believe a half-point move each, down in the United States, the gradual reduction of the U.S. trade deficit would cease and protectionist pressures in Washington would mount. The amount of danger depends on how high the dollar goes.

In New York, the dollar closed mixed, as bullish sentiment was balanced by profit-taking. Dealers said intervention by the Federal Reserve had little effect.

The pound ended at \$1.5635; its lowest since March.

as indicating that British rates were unlikely to be raised to support the pound in the event of poor April trade figures on Thursday.

merley will sell about a quarter of the carrier's equity, or 70 million shares, to the public.

The issue will be sold via Ord O'Connor Grievie Ltd., a Wellington-based broker, as lead manager and Buttle Wilson Ltd. and Jarden Morgan (NZ) Ltd. as co-managers.

Westpac Banking Corp. and its Australian investment banking unit Ord Minnett Securities Ltd. will act as principal underwriters. Ord Minnett owns half of Ord O'Connor Grievie.

An additional 5 percent, or 14 million shares, will be allocated to Air New Zealand staff.

Bob Matthews, chairman of Brieb, said the company expected "to see the shares placed and publicly listed well before the end of the year—hopefully by September/October."

After the sales, Briebley will hold 35 percent of Air New Zealand.

Briebley said the flotation was likely to be New Zealand's first major public share placement since the October 1987 stock market collapse. It hopes initially to attract more than 30,000 individual shareholders for Air New Zealand.

A Jarden Morgan director said the shares would be listed only in New Zealand.

The sale of Air New Zealand was part of a government program to privatize state businesses and reduce public debt. The government required that at least 30 percent of the equity be made available to the New Zealand public.

**MEXICO CITY**—The state-owned Mexicana Airline will be sold to the private sector as part of President Carlos Salinas de Gortari's program to inject new vigor into the nation's economy, the government has announced.

The Treasury Department said late Monday that the airline would be sold to the Mexican or foreign investors who make the most attractive offer. The other government-owned airline, Aeroméxico, was sold to a consortium of investors in November.

The sale is part of Mr. Salinas's plan for cutting inflation and reviving the economy. He has said he supports the sale of many state-owned companies to the private sector in a bid to increase competition.

The government announced on May 15 that it would open some sectors of the economy that have for years been sheltered by protectionism and increase the amount of foreign investment allowed in others.

According to the Excelsior news service, Mexicana has 42 jets and transported an estimated 8.5 million passengers last year. The company has about 1,500 flight attendants and 7,500 ground workers.

Aeroméxico was sold for \$335 million after it went bankrupt and its employees went on strike. Grupo Dicom, a consortium of Mexican Maritime Transportation Co. and several private investors, bought 75 percent of the airline and the Aviation Pilots Union owns the rest.

Mexico's program of deregulation and privatization in the airline industry has opened the skies and strikingly improved airline service, creating opportunities for carriers and passengers.

The changes were exemplified one day recently when a Mexicana DC-10 took off for Kennedy International Airport in New York for the first time, amid much celebration.

For 30 years, Mexicana had longed to fly the route, a source of profit and prestige for both its U.S. and Mexican competitors. But Mexicana was barred from the route, Mexicana officials said their company was prevented from flying to New York by the Mexican government, which wanted to reserve the lucrative route for Aeroméxico.

Both the United States and Mexico stand to benefit from a newly revised bilateral commercial air agreement that significantly increases access for airlines in each country to markets in the other.

"Many more companies will now be flying between Mexico and the United States as a result of this agreement," said Eduardo Eggleston, commercial director for Mexicana, which has a 40 percent share of airline traffic between the countries. "It means greater competition for us, but it also means we have more routes to exploit."

The new agreement, which replaces a far more limited accord that had been in effect for a decade, was signed in September after two years of negotiations. Its impact is only now starting to be felt.

Availing themselves of the new openings, U.S. airlines have in recent months begun service on more than 24 new flights and routes to Mexico, including Dallas-Monterrey, Chicago-Puerto Vallarta and Raleigh-Durham, North Carolina-Cancun.

Mexico's two national carriers, which in the past carried 60 percent of the traffic between the two countries, hope to maintain their dominant position by breaking into new markets, like San Jose in Northern California, while expanding their service to airports in cities like Philadelphia and Tampa, Florida.

With inflation dead strikingly in Mexico, air fares are holding steady, and both domestic traffic and revenue are up as a result. (AP, NYT)

## Sale of 2d Airline Is Part of Plan to Spur Competition

## EASTERN: America West Gets 1-Day Bid Extension

(Continued from first finance page)

to La Guardia and Washington National airports within 30 days.

The slots became available because they no longer are being used by Eastern, which has curtailed its services since labor troubles virtually grounded it before the bankruptcy filing.

America West, which has hubs in Phoenix and Las Vegas, already serves New York's John F. Kennedy International Airport and Baltimore-Washington Airport.

Besides shuttle bids by America West and Mr. Trump, Judge Lifland also is considering an offer for all of Eastern by an investor group led by Joseph Ritchie, a Chicago commodities trader.

Eastern, which initially considered offers for the whole airline, now says it is not for sale and is seeking to raise \$1.8 billion by selling aircraft and other assets.

The lawyer for another bidder for all of Eastern said, meanwhile, that the group he represents has raised \$100 million and was trying to convince the airline's creditors to examine its offer.

David Shapiro, a court-appointed lawyer examining Eastern's affairs, had said last week that the offer by the group, which is lead by a former airline executive, William Howard, was not genuine. He said any bid would need at least \$100 million cash to be taken seriously.

On Tuesday, Midway Airlines said at its Chicago headquarters that it had contacted representatives of Eastern about acquiring properties and facilities at the Philadelphia airport, related equipment and Eastern's route authority between Philadelphia and Montreal and Philadelphia and Toronto. (AP, Reuters)

## DOLLAR: A Further Rise?

### London Dollar Rates

Coinage	Tenor	Rate
Deutsche mark	2.00	2.0000
Pound sterling	1.00	1.6455
Japanese yen	100	143.15
Swiss franc	1.00	1.7325
French franc	100	6.5595

Source: Reuters

(Continued from page 1)

use one policy instrument for all possible objectives at the same time," he said.

Another official said the only way for the United States to lower interest rates without rekindling fears of inflation was either by increases, savings or reducing investments.

He said that without a reduction in the budget deficit, "there can be no external adjustment or any meaningful reduction in interest rates."

"The real stakes," he said, "is not the dollar's exchange rate but the size of the U.S. trade deficit."

He said the dollar decline since the Plaza Agreement in 1985 had "created the conditions for U.S. industry to carve out a larger share in world markets." But he warned that the dollar's renewed rise risks cutting this export drive "dead in its tracks."

"You can't run an open, integrated trading system with this unpredictability in exchange rates," he said. "It risks jeopardizing the confidence and capacity of businessmen to compete in world markets."

Both officials said that at current dollar levels, the gradual reduction of the U.S. trade deficit would cease and protectionist pressures in Washington would mount. The amount of danger depends on how high the dollar goes.

Some bankers believe a United States move each, down in the United States and up in West Germany and Japan, could be enough to stem the dollar's advance without adverse impact on inflation or growth. Others said that at current levels, above 2 DM and 140 yen, the advance could begin to slow since the dollar begins to look like less of a bargain.

In New York, the dollar closed mixed, as bullish sentiment was balanced by profit-taking. Dealers said intervention by the Federal Reserve had little effect.

The currency ended at 1.7945 Swiss francs, down from 1.7945 at Monday's close, and 6.8125 French francs, off slightly from 6.8135.

The British pound slid to \$1.5635 from \$1.5750.

Earlier in London, the dollar had eased slightly to 2.0070 DM from 2.0090 DM at Monday's close and to 141.95 yen from 142.05. It ended at 1.7835 Swiss francs, down from 1.7935, and at 6.7975 French francs, down from 6.8025.

The pound ended at \$1.5635, its lowest since March 1987, compared with \$1.5800. It ended off a six-month low of 3.1458 DM, compared with 3.1763.

Prime Minister Margaret Thatcher said that current high British interest rates would cut inflation. Dealers said high interest rates

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## Notice of Redemption and Termination of Conversion Rights

## KOMATSU LTD.

### 7 1/2% Convertible Debentures due June 30, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1975, as supplemented by a First Supplemental Indenture dated as of September 1, 1982 (effective as of October 1, 1982) between Komatsu Ltd. (the "Company") and First National City Bank (now Citibank, N.A. as "Trustee") under which the above-designated Debentures were issued, all of the outstanding Debentures have been called for redemption on June 30, 1989, at a price equal to 100% of the principal amount thereof.

The Debentures will become due and payable and, UPON PRESENTATION AND SURRENDER THEREOF (those Coupon Debentures to have all coupons appertaining thereto maturing after June 30, 1989) will be paid on said redemption date at Citibank, N.A., 111 Wall Street, Corporate Trust Services, 5th Floor, New York, NY 10043, principal offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris and Citibank (Luxembourg) S.A., and the principal offices of J. Henry Schroder Wagg & Co. Ltd. (London), Banque Européenne de Tokyo, S.A. (Paris), Kredietbank S.A. Luxembourg (Luxembourg), The Fuji Bank, Limited (London), The Bank of Tokyo, Ltd. (London) and The Sumitomo Bank, Limited (London), as the Company's Paying Agents. From and after said redemption date, interest on said Debentures will cease to accrue.

Interest payable June 30, 1989 to holders of fully Registered Debentures shall be paid to the persons in whose names the Debentures are registered at the close of business on the Regular Record Date which shall be June 15, 1989 and said interest shall be mailed to the registered holders. If the holder does not elect to convert, coupons maturing June 30, 1989 should be detached and presented for payment in the usual manner.

The Debentures called for redemption may be converted at the option of the holders thereof into Common Stock of the Company, American Depositary Receipts ("ADRs") or European Depositary Receipts ("EDRs") representing Common Stock of the Company at any time prior to, but not after, the close of business on June 27, 1989 at a conversion price of 332.10 Japanese Yen per share of Common Stock. A cash adjustment equivalent to accrued interest for the period between January 1, 1989 through March 31, 1989 shall be paid by the Company for those Debentures converted during April 1, 1989 to June 27, 1989. At the Close of Business on JUNE 27, 1989 SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL DEBENTURES BEING REDEEMED.

## KOMATSU LTD.

By: CITIBANK, N.A.

Dated: May 17, 1989

These figures on Thursday.



## Royal Bank of Canada Revamps Europe Units

**TORONTO** — Royal Bank of Canada said Tuesday that it took several steps to reposition itself in Europe by concentrating on providing services to large companies.

The big Canadian bank said it would sell units in several countries to undisclosed prices, while seeking to open a financial-services operation in France.

It said, "The Royal Bank has placed orders for the sale of its global operations and concluded that our principal strength outside Canada lies in meeting the needs of major corporations, especially those having or seeking solid connections with North America."

It said it did not expect further major restructuring of its European operations.

Royal Bank is to sell several West German businesses to Amro Handelsbank A.G., a subsidiary of Amsterdam-Rotterdam Bank N.V. of the Netherlands. The sale includes Royal Bank's entire West German securities business, its Dortmund branch office and its

Intercontact GmbH merchant-banking unit, also in Dortmund.

Royal Bank also said it would sell Royal Bank of Canada (France) SA, its French retail and commercial banking subsidiary, to Commercial Union Finance SA, a subsidiary of the British Commercial Union Assurance Co.

Earlier this month, Dutch Nederlandsche Middenstandsbank NV bought Royal Bank's Belgian unit for an undisclosed amount.

On Tuesday, Royal Bank said it applied to regulators to establish a new subsidiary in France to strengthen its European corporate banking operations. Royal Bank said it would allocate "substantially" increased capital through its new subsidiary.

The acquisition of the Royal Bank units brought to 10 the number of Amro Handelsbank branch offices in West Germany. In a statement from Amsterdam, Amro Handelsbank said it had grown sharply in recent years and its balance sheet rose over 2 billion Deutsche marks (\$993.2 million) at the end of 1988.

## Europeans To Join Soviet Bank Venture

**HELSINKI** — Three Soviet and five West European banks have agreed to set up a bank in Moscow to promote international business, a leading Finnish bank said on Tuesday.

Kansallis-Osake-Pankki said it would be among the Western banks each taking a 12 percent stake in the Moscow Bank. The others are Banca Commerciale Italiana, Credit Lyonnais, Bayerische Vereinsbank of West Germany and Creditanstalt Bankverein of Austria.

Three Soviet banks will hold 40 percent of the new bank's initial equity capital of 100 million rubles (\$66 million).

The new bank is aimed at financing joint industrial ventures with Soviet companies. It will make markets in convertible currencies inside the Soviet Union and maintain a foreign-exchange and securities trading operation.

## ITT: Araskog Has Made the Geneen Machine Leaner and Fitter, Pleasing Wall Street

(Continued from first finance page)

ago. But for Mr. Araskog, who had been with ITT since 1966, it was traumatic. "Rand Araskog demonstrated a victory of mind over emotion," said Michel David-Weill, senior partner at Lazard Freres & Co. and an ITT director. "It took courage."

ITT may still be structured like the quintessential 1960s conglomerate, but a 1980s manageability has been superimposed on it.

ITT's debt, once over \$5 billion, is now less than \$3 billion. Its return on equity, which had plunged to 4.7 percent in 1983, is back in double digits. Even the dividend is inching back up, and first-quarter earnings rose to \$200 million from \$180 million a year earlier.

Just two weeks ago, the company announced an employee stock-ownership plan, or ESOP, that will put 11 percent of ITT's shares in employees' hands. That, perhaps more than anything else, characterizes the new ITT.

The company, which once made almost all of its sales in Europe, is so rooted in the United States now that foreign tax credits no longer keep its tax bill down. Thus, for the first time an ESOP made economic sense. ESOPs generally serve two goals, too: they are strong employee motivators, and they help ward off takeovers.

That these considerations now matter at ITT — and Mr. Araskog concedes that they do — represents a sea change for the company that once reflected Mr. Geneen's acquisitive and autocratic style.

The changes have not gone unnoticed on Wall Street. For the first time in a long time, analysts are predicting that ITT's stock, which has been trading in the high \$50s, not much above its book value, may begin to climb.

"They've cut costs and improved productivity, and each of their nine businesses is doing decently in its respective marketplace," said Phua K. Young, an analyst with Shearson Lehman Hutton Inc. Jack L. Kelly, an analyst with Goldman, Sachs & Co., concurred. "The direction has clearly been up."

Last year was a particularly good one for ITT. Except for electronic components, which was down 16 percent, the operating profitability of all of its major businesses was up.

Net income, at \$817 million on revenue of nearly \$19.4 billion, was down about 15

### The Diverse Businesses of ITT

Percent contribution to 1988 revenues and operating income.

	Revenues \$19.4 billion	Operating Income \$1.5 billion
Insurance	44.2%	26.7%
Automotive	14.4	13.1
Finance	7.6	12.5
Defense Technology	7.2	5.0
Electronic Components	6.0	4.9
Communication and Information Services	5.6	3.6
Pulp and Timber	5.6	12.6
Fluid Technology	4.3	7.4
Hotels	4.0	7.4
Alcatel N.V.		8.1*
Other	1.1	

\* Income from 37% equity stake in Alcatel N.V., the telecommunications equipment joint venture ITT formed in Europe in 1986.

Source: Company reports

percent, but most analysts say that is more a reflection of one-time extraordinary gains in 1987 than of any real problem in 1988.

But while ITT's 10.5 percent return on equity last year may have been a marked improvement for the company, it was still well below the market average return of close to 16 percent.

Most of ITT's businesses, like insurance, pulp and paper, Sheraton hotels, financial services, even electronic components, are prey to cycles that are beyond the company's control, which means that a terrific year is not necessarily a harbinger of things to come.

Thus, despite its new fans on Wall Street, ITT is trading at a little better than 11 times earnings, when the Wall Street average is 12 or 13.

Take ITT's Hartford Insurance Co., which with \$8.6 billion in revenue last year is by far ITT's largest business. The division contributed a respectable \$400 million to operating income last year, but most of that was from group health and foreign

property-casualty operations. Hartford's property-casualty business, its most important, remains soft.

Similarly, ITT Rayonier, the pulp and timber business, has been whipsawed by cycles. The segment had income of \$194 million last year on sales of nearly \$1.1 billion, more than double the \$92 million it earned in 1987. While some of the increase comes from lowered costs, a lot comes from a turnaround in the market. But that turnaround could just as easily reverse itself.

Mr. Araskog has unsuccessfully shopped Rayonier around in the past. Although he now insists that the segment brings in more income than he could get by selling it, analysts see that as myopic reasoning.

"Pulp and timber are just too cyclical," said Carol Neves, an analyst with Merrill Lynch who is neutral on the stock, at least for short-term investors.

Indeed, even Mr. Kelly and Mr. Young, who have strong buy recommendations on the stock, are uncomfortable with the cyclical

cal nature of insurance and of pulp and timber.

They would like to see ITT spin off at least part of those segments to the public, get out of Alcatel and use the proceeds to buy back stock, pay down debt even more and perhaps beef up automotive parts, which at \$2.8 billion is ITT's second-largest segment.

Mr. Kelly said that if ITT is seeking a 15 percent return on equity, "and that's what Araskog says he wants, then maybe they should emphasize different businesses."

ITT is, in fact, emphasizing automotive parts. The segment's antilock braking system has been a winner both in Detroit and overseas, and ITT is "putting a lot of money into growing the company," said M. Cabell Woodward Jr., vice chairman.

These days, Mr. Araskog is less concerned with pruning than with whipping remaining businesses into shape. He has loosened headquarters' clench on subsidiaries, giving managers more authority and cutting down on reports and meetings.

And he has moved many of the divisions out of the nest. The Hartford has always been in Connecticut, and Sheraton has headquarters in Boston. But Defense Technology moved to Washington just two years ago and last year the automotive segment relocated to Detroit.

Fluid technology is now in Midland Park, New Jersey, while electronic technology operates out of West Germany. ITT Finance has gone to Greenwich, Connecticut, "because they found a great building and that's where the executives wanted to be," Mr. Araskog said.

Mr. Araskog has also finally got the monkey of huge debt off ITT's back. Mr. Geneen's acquisition binge, combined with a disastrous attempt to market the company's European-designed System 12 switching system in the United States, had created debt of almost \$5 billion.

European governments had been forcing ITT to sell its overseas assets at a fraction of their fair market value, slashing ITT's revenue and profit from Europe without giving the company much in return.

Mr. Araskog's only option was to start dismantling ITT. By the end of 1984, he had sold 69 companies for close to \$2 billion.

Mr. Araskog spent most of 1984 and 1985 fighting off takeover attempts from Jay Pritzker and Irwin Jacobs.

## Grand Met Puts Pillsbury Units Up for Sale

Compiled by Our Staff From Dispatches

**CHICAGO** — Grand Metropolitan PLC, the British conglomerate that earlier this year acquired Pillsbury Co. of the United States, has said it would sell two of that company's product lines: Bumble Bee Seafoods and Van de Kamp's.

Ian A. Martin, chairman and chief executive of Minneapolis-based Pillsbury, said Monday that the units were not "sufficiently linked to the core Pillsbury businesses in brand identity or product fundamentals."

L. Craig Carver, an analyst with Quinn Borowitch Inc., the Minneapolis investment firm, said that Grand Met had indicated it would sell its least profitable product lines and that both brands were in third place in their markets.

Bumble Bee Seafoods, acquired by Pillsbury last August, had revenue of \$283 million in 1988. Mr. Carver estimated it would sell for \$200 million to \$220 million.

Van de Kamp's, a line of 35 frozen-fish products acquired by Pills-

bury in 1984, is likely to sell for about \$135 million, about equal to the brand's 1988 revenue, Mr. Carver said.

Grand Met previously announced sales of several Pillsbury units. It acquired the food and restaurants company for \$5.68 billion in January. In March, Grand Met said it would sell the Steak 'n Ale and Bennigan's restaurant chains

to a group including their senior managers for \$431 million.

Earlier this month, Pillsbury said it would sell five food-processing units in Central and South America.

On Tuesday, Grand Met said in London that its International Distillers & Vintners Ltd. unit would sell Calson Wines Ltd. to International Potter Distilling Group of Canada for 16.9 million Canadian dollars (\$14.2 million). Calson is a Canadian wine producing and marketing company purchased by Grand Met as part of the Heublein Inc. acquisition in 1986.

International Potter is a subsidiary of Consolidated Western Industries Ltd. (NYT, Reuters)

NEW YORK — The stock of Hilton Hotels Corp. rose Tuesday for the second day running on renewed takeover speculation.

Hilton rose \$1.25 a share to \$83.25 in midday trading on the New York Stock Exchange. Traders noted the stock has been gaining since Chairman Barton Hilton said May 11 that the hotel chain would consider purchase offers from qualified parties.

Takeover Talk Lifts Hilton's Stock Again

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The Board of Directors also announced that unless there is a change in circumstances, a dividend of C\$0.11 will be paid monthly out of net investment income for April to September 1989 to shareholders of record on the following dates:

— May 31 1989  
— June 30 1989  
— July 31 1989  
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## DM Bond Rates A Tightrope Act

Although the Bundesbank has demonstrated its independence by raising the key rates without prior warning, this has done little to change the environment for interest rates.

External developments continue to hold sway over the German bond market; merely the intended abolition of the withholding tax could temporarily lessen their influence. The internal factors determining interest rates have faded into the background.

Though providing the Bundesbank with important cues, they usually carry less weight in an assessment of the overall situation than the news coming from overseas. To mention just three of the favorable domestic factors which have so far failed to attract the attention they deserve:

1. The fall in the government's borrowing requirements to a multi-year low.
2. German companies' strong liquidity position, which will cause their borrowing needs to drop below the average for the next few years.
3. The Bundesbank's current policy of providing interest-rate signals via discount, Lombard and repurchase rates, without giving rates a major upward push.

But the bond market is mesmerized by the ups and downs of the US dollar and US interest rates in response to alternating "good" and "bad" news. The US economy presents a highly mixed picture at present.

The Bundesbank, therefore, has only limited influence on long-term rates. The changes in the general climate, which often come too abruptly and are accompanied by an inflow or outflow of foreign exchange, keep interfering with its endeavors to stabilize interest rates and the D-mark as far as possible. This means keeping the dollar from jumping above DM 1.90, so as to contain in-

flation, and, at the same time, keeping it above DM 1.80, so as to prevent an undesirable inflow of foreign exchange.

At any rate, central-bank policy on both sides of the Atlantic is remarkably independent of the vagaries of market sentiment. While the mood in the German and US bond markets tends to change with almost every twitch of US economic indicators, both the Bundesbank and the Fed have been pursuing consistent interest-rate policies for more than a year.

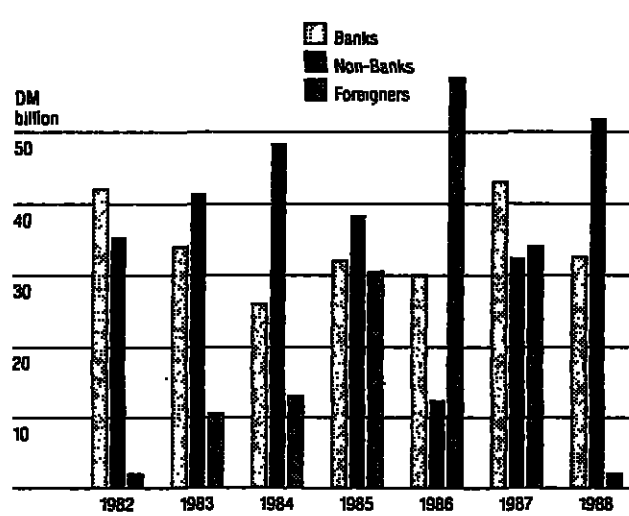
### Fewer conflicting signals

The Bundesbank is compelled to perform a tightrope act in its monetary policy. On the one hand, it has to take account of external factors and, on the other hand, it feels the need, after the excessively fast growth of the money supply in the past few years, to put a harder squeeze on liquidity than would be necessary to restore the balance between monetary expansion and the potential increase in nominal GNP.

It may give the Bundesbank some comfort to know that the monetary environment is likely to improve steadily in the next few months. Slower money growth in the US can be expected to reduce the disparities in economic performance. The cooling in the economy will diminish the probability of a further rise in the dis-

count rate. This will also mean fewer conflicting signals from across the Atlantic, which have repeatedly caused confusion and uncertainty regarding interest rates.

### Domestic Non-Banks Replace Foreigners as No. 1 Investor Group



Foreign investors, whose net purchases of D-mark bonds had equaled those of banks and non-banks together in 1985 and 1987 and who had been the No. 1 investor group in 1986, practically withdrew from the market last year. Domestic non-banks accounted for the lion's share of net sales, but their buying interest centered on foreign currency bonds and foreign Deutsche Mark bonds. Banks bought the bulk of bonds floated by domestic borrowers.

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## Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.  
Via The Associated Press

Symbol	High	Low	Open	Close	Change
IBM	117 1/2	117	117 1/2	117	-1/2
MSFT	101 1/2	101	101 1/2	101	-1/2
GE	41 1/2	41	41 1/2	41	-1/2
AT&T	51 1/2	51	51 1/2	51	-1/2
AMC	11 1/2	11	11 1/2	11	-1/2
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Finland** F.M.	1901 60 30 30	1,750	1,334	970	540
France** F.F.	05 436 436	1,500	1,230	830	425
Germany** D.M.	0120 25 31	580	403	320	176
Gr. Britain** S.		140	96.60	77	42
Greece** Dr.	691 03 42	29,000	25,600	16,000	8,800
Ireland** S.H.		155	118	85	47
Italy** Lire		420,000	308,000	231,000	127,000
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Netherlands** R.	06 022 06 19	600	492	340	185
Norway** N.Kr.	020 41 34 39	2,000	1,276	1,100	600
Portugal** Esc.	011 90 71 22	29,000	29,240	16,000	8,800
Spain** Pes.	1911 401 29 00	32,000	22,600	17,600	9,700
Sweden** S.Kr.	190 21 01 20	2,000	1,276	1,100	600
Switzerland** S.F.	044 65 68 00	455	435	295	141
Rest Europe, N. Afr., X-French Africa, Mid. East		470	Varies by country	260	145
Rest of Afr., Gulf, S. Asia		620		340	190
Central/Latin America		540		295	160

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# Tuesday's NASDAQ Prices

Prices as of 4 p.m. New York time.  
This list, compiled by the AP, consists of the 1,000 most traded stocks listed in the New York stock market.  
It is updated twice a year.  
Via The Associated Press

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## With a Bat That Sees, Cromartie Awes Japan

By Fred Hiatt

Washington Post Service

TOKYO — So Will Clark is batting .372 to lead the major leagues. Big deal.

Warren Cromartie, formerly of the Montreal Expos and now star center fielder for Japan's favorite team, the Yomiuri Giants, can hardly remember .372.

In his sixth and, he says, final year of playing Japanese baseball, Cromartie is tearing up the Central League with 25 runs batted in over 32 games and a .439 average.

Cromartie said Tuesday that he isn't sure how to explain his record-breaking batting pace.



Cromartie: batting .439.

"I'm eating the same amount of sushi that I've always eaten," he said.

Cromartie has adjusted better to the quirks and oddities of *yakyu*, as baseball is known in Japan, than most American players ever do.

One lesson he has learned well, as he showed during an appearance at the Foreign Correspondents' Club of Japan, is to restrain his American braggadocio and show a properly Japanese sense of modesty.

"To be honest, I don't think I'll hit .400," he said in answer to a question about whether he could become the first player in Japan to sustain a .400 average throughout the season. "I'm a realistic person. You've got to have a lot of luck, you've got to stay healthy and you've got to have a bat with eyes."

But there is no question that Cromartie, 35, has mastered the art

of Japanese baseball. Although no one would claim the level of play here can match major-league ball, many American veterans — including some who came with more impressive numbers than Cromartie — have bombed out quickly where Cromartie has succeeded.

Cromartie said that he, too, often thought he would pack it in during his first years in Japan. Baseball is one of America's few successful exports to Japan, and on the surface it looks like the same game — but only on the surface.

Of the unrelenting practices, the brutal travel schedule, the sometimes minor-league accommodations, Cromartie said: "To be honest, the first two or three years, I really didn't think I would make it."

He recalled the first time he took part in a game that ended in a tie, a peculiarly Japanese modification of baseball rules. "I couldn't deal with that," he said. "Even with marbles, we always had a winner."

And Cromartie recalled some of the difficulties of being a foreign slugger in a Japanese game, such as the pitchers who throw around him, or at him, but rarely challenge him.

He described the season-ending day when Japanese pitchers walked Randy Bass four times rather than give him a chance to break the season home-run record set by a Japanese idol, Sadaharu Oh.

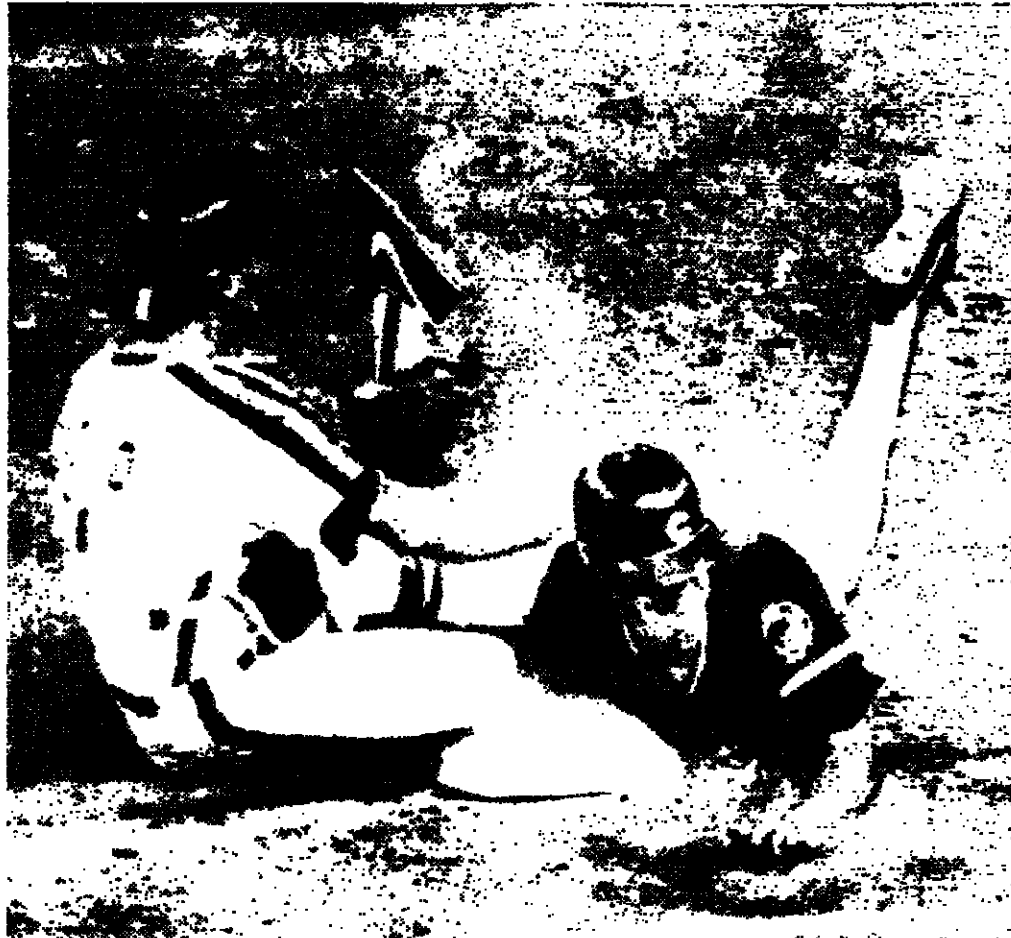
And he remembered the many *gajin*, or foreign players, who he has seen come and go, frustrated by the regimented practices, the language barrier, the cautious style of team-oriented play.

"Some do fight it, and the ones who do fight it are no longer here," Cromartie said.

Indeed, Cromartie has been here longer than any active *gajin* except Greg "Boomer" Wells, who played briefly for Minnesota and Toronto before coming here in 1983, one year before Cromartie. Unlike many major-leaguers, Cromartie arrived in Japan in his prime, after eight years in Montreal.

After batting .280 in 1984, Cromartie has kept his average above .300, with a high of .363 in 1986. But last year he broke his thumb and missed most of the season.

Back in the United States, Cromartie trained hard for what he says will be his last year before retiring to devote more time to his life as a drummer and lyricist.



Untrue to his name, the Cubs' Mark Grace dives safely back to first against catcher Craig Biggio.

## Indians Unhinge Tigers' Morris, 7-3

Compiled by Our Staff From Dispatches

For the past 12 years, right-hander Jack Morris of the Detroit Tigers always checked to see when the Cleveland Indians were coming to town.

Morris entered Monday night's game against the Indians with a 23-

of the ballpark. Tiger pitchers have allowed 31 home runs, nine by Morris.

O'Brien added a home run in the third for the Indians, whose 21-21 record makes them the only team in their division with at least a .500 record.

Twins 6, Blue Jays 2: Allan Anderson retired 12 straight batters in Toronto, but lost a shutout bid with two outs in the ninth when George Bell doubled and Fred McGriff hit his 10th homer.

Greg Gagne had two hits and scored twice for Minnesota as Toronto lost for just the second time in seven games under its interim manager, Cito Gaston.

Rangers 4, Royals 1: Knuckleballer Charlie Hough broke out of one of the worst slumps of his career, and Pete Incaviglia hit a two-run homer as Texas, playing at home, handed Kansas City its fifth straight loss. Hough was 0-5 with an 8.53 earned-run average over his previous seven starts, pitched 5½ innings and allowed four hits be-

fore being replaced by Cecilio Guante in the sixth.

Orioles 5, White Sox 1: Dave Schmidt had a perfect game through five innings in Chicago before Matt Merullo lined a leadoff single to right field in the sixth. Before leaving after seven-plus innings, Schmidt allowed only two hits.

Mike Devereaux led the scoring with a two-run triple, as the White Sox lost their fourth straight.

Cubs 5, Astros 3: In Houston, Rick Sutcliffe won for the first time in five starts and Dwight Smith hit a three-run triple in the night's only National League game.

Chicago made it 1-0 in the first on Mark Grace's RBI single. In the fifth, the Cubs loaded the bases on singles by Vance Law, Grace and Damon Berryhill. Danny Darwin relieved and Smith fired a triple into center field to clear the bases. Doug Dascenzo hit a sacrifice fly in the eighth for the Cubs' final run. (AP, UPI)

## The Polite Stanley Cup Duel

Goalies Vernon and Roy Blast Niceties at Each Other

By Robin Finn

New York Times Service

MONTREAL — In the hockey playoffs, when goaltending is either a team's trump card or its Achilles' heel, the two goaltenders who have survived to duel in the Stanley Cup championship are engaged in a self-deprecating cold war.

No sooner did Mike Vernon, the Calgary Flames' steady but unspectacular goalie, describe himself as the underdog than his counterpart, Patrick Roy of the Montreal Canadiens, laid claim to the same dubious honor.

"He's got to be joking," said Vernon, the only National Hockey League goalie to produce 30 or more victories a season for the last three years. "He has awards, he has a Stanley Cup. I've got nothing yet. I'm a guy with no bragging rights."

Vernon insists that Roy is the favorite because, after all, he's already won a Stanley Cup. Roy, on the other hand, insists that Vernon has to be this spring's front-runner because he and his team edged the Canadiens to finish the regular season atop the NHL.

"He is number one, for now," said Roy, who got the better of Vernon when the pair competed as rookies in the 1986 championship.

Roy emerged from that five-game series with a Stanley Cup and the Conn Smythe trophy as the most valuable player.

"But I don't make comparisons between Mike Vernon and me based on that," he said. "That's over."

Those who critique the form and finesse of the league's goalies dismiss both Roy and Vernon as oddities, and attribute their success to the wall of defense that lowers in front of them.

Vernon, a chipmunk of a goalie whose good nature has been frayed by reports that he is not hardy enough to prevail in the playoffs, tends to be bowled over by slapshots. Although he has a quick glove that seems to vacuum up pucks, he can regularly be seen on the seat of his pants, albeit with the puck safely in hand.

"We trust him," said teammate Joe Nieuwendyk, "and that's all that matters."

The 25-year-old Vernon shivers in his crease like a twitching stick. While his positioning is usually impeccable, he rarely remains statuesque for long, and he tends to flail his way to the ice in pursuit of rebounds.

"Some people want to say Patrick has no style," Guy Carbonneau said. "But winning is a style."

If style and flair are not their strong suits, their coaches and teammates say, being photogenic is not a prerequisite for stopping pucks.

"Underrated, overrated, looking good, whatever, what matters is they get you here," said Terry Crisp, the Flames' coach.

Mats Naslund of Montreal took a step back from the humility-laden banter that has passed between the goalies and shook his head.

"Neither one of them is going to give anything away," he said. "This isn't going to be a series that's lost because of goaltending."

So far in the final round, it appears that neither goalie has outshined the other: the clubs are tied at two games each in the best-of-seven series.

Vernon halted 25 consecutive shots in the opener, which Calgary won, 3-2.

In the second game, Roy turned away 30 shots, and got help from the goalposts to enable his teammates to even the series with a 4-2 victory.

Roy stopped 34 and Vernon 31 in Montreal's double-overtime victory in the third game Friday. And Vernon turned aside 17 shots Sunday, while Roy stopped 31.

Both goaltenders have predicted a lengthy series, but neither anticipates a replay of 1986, the year Roy could do no wrong and Vernon, emotionally exhausted by the drama of Calgary's first-ever elimination of its nemesis, the Edmonton Oilers, performed as feebly as his teammates in the final.

"You can't look back on something like that and feel bad about yourself," Vernon said. "Montreal was by far the better club. This year, the Flames are a better club. I'm a better goalie."

Roy has been haunted by his playoff history in a different way. The remarkable accomplishment of his rookie season, where he proved as quirky as he was brilliant by reveling in conversations with his "friends" the goalposts, was followed by a slump in confidence.

"That first time out in the playoffs, nothing is impossible, you have no memories to hurt you," Roy said. "But since then, I put too much pressure on myself. I was inconsistent and each spring I would think I had to win a Stanley Cup before I'd even won the first round."

This season, Roy performed with such consistency that he amassed a 34-game unbeaten streak at home. Like Vernon, he posted more than 30 regular-season victories, and like Vernon, he has been reliable in the playoffs. Vernon leads with 14 victories and 3 shutouts; Roy has 13 and 2.

The two underdogs know exactly what they don't want to be when this series resolves itself.

"In the playoffs, if you're the guy in goal, you're either a star or a bum," Vernon said. "I'm positive neither one of us wants to be the bum."

### BASEBALL ROUNDUP

7 lifetime record, including 15-0 at Tiger Stadium. But Cleveland finally got its revenge, winning 7-3.

The first four hits off Morris, in the second inning, were home runs by Brook Jacoby, Mark Salas, Od-die McDowell and Pete O'Brien.

"I think he's struggling a little this year," Salas said. "I think guys are laying off that split-finger fast-ball, that pitch that goes down in the dirt."

"That was his out pitch and now guys won't swing at it," he added. "That means he has to come back with a fast ball."

Quite often this season, Morris' "out pitch" has been the one hit out

## BOOKS

### THE PLACE OF THE SKULL

By Chingiz Aitmatov. Translated by Natasha Ward. 310 pages. \$20.95. Grove Press, 920 Broadway, New York, N. Y. 10010.

Reviewed by Herbert Mitgang

IN the shifting world of Russian fiction, "The Place of the Skull" by Chingiz Aitmatov falls somewhere between the traditional and the daring, the cautious past and the *glamor* present.

Half of the novel is about humans — incidents in the lives of a former seminary and peasants brushing up against bureaucracy in the Kirghiz Soviet Socialist Republic, the author's home region in Central Asia. The other half is about wolves — thinking, anthropomorphic animals whose lives reach beyond (in Jack London's phrase) the law of the club and fang.

On the people level, the novel stumbles, strangely, the story of a wolf family with near-human characteristics is filled with poignancy and is the better half of the book.

A number of themes are constructed but not muddled together very well by the author: the hold of old-fashioned religion even in a Communist country; the intrusion of the helicopter into the rugged but beautiful landscape; drug smuggling and greedy small-time operators; cruelty against wildlife and lack of

concern for the environment; the wall of misunderstanding between project officials in control and ordinary workers and peasants.

Since the dialogue, translated from the Russian, sometimes takes the form of proletrarian sound bites, Aitmatov invites the reader to assess his novel within the context of the new openness.

The fact that much of the story is presented as a parable says something about the author's masked style. Unfortunately, parable can be a cloak concealing boldness and directness; it acts as a wink of disguise for the reader.

Aitmatov's method worked well in his play "The Ascent of Mount Fuji," set on a sacred mountaintop in Kirghizia, when it was presented at the Arena Stage in Washington in 1975.

The play dealt directly with the moral dilemmas of the Soviet past, noting that some people who lived through the Stalinist era did not face up to their personal responsibilities. Like Fyodor Abramov writing about the Archangel region, Valentin Rasputin about Siberia, or Mikhail Sholokhov on Cossack life in the Don area, Aitmatov's strength is as a regional author.

Several passages in his novel that stick close to his Central Asian landscape and mountainscape are haunting. But a fundamental fault with the human side of "The Place of the Skull" is its evasiveness. It is only a quasi-glasnost novel. By contrast, Anatoly Rybakov's current novel, "Children of the Arbat," has a

grand narrative sweep and Stalin himself appears as a character with a speaking role.

Aitmatov attempts to come in through the side door of fiction; Rybakov hardly bothers knocking before coming in the front entrance. It isn't possible to foretell which sort of Soviet novel will be more durable as art a decade or so from now but in the present political climate, a reader hopes for a new boldness, even in fiction.

"Wolf," the second half of the book, brings to mind "Call of the Wild" and "White Fang," which also dealt with survival and domestication in a wolf pack. Remarkably, the author gets inside the minds of the wolves; the reader is willing to accept their human behavior. For this, and this alone, "The Place of the Skull" is a novelistic achievement.

Herbert Mitgang is on the staff of The New York Times.

### BEST SELLERS

The New York Times  
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

#### FICTION

This Week	Last Week	on List
1 THE SATANIC VERSES, by Salman Rushdie	1	12
2 THE NEGOTIATOR, by Frederick Forsyth	2	4
3 WHILE MY PRETTY ONE SLEEPS, by Mary Higgins Clark	8	2
4 THE JOY LUCK CLUB, by Amy Tan	3	7
5 THE TEMPLE OF MY FAMILY, by Alice Walker	9	3
6 STAR, by Danielle Steel	4	13
7 PLAYMATES, by Robert Parker	5	6
8 A PRAYER FOR OWEN MEANY, by John Irving	5	9
9 WE ARE STILL MARRIED, by Garrison Keillor	7	7
10 STRANGER IN SAVANNAH, by Eugenia Price	15	2
11 THE DIAMOND THRONE, by David Eddings	10	3

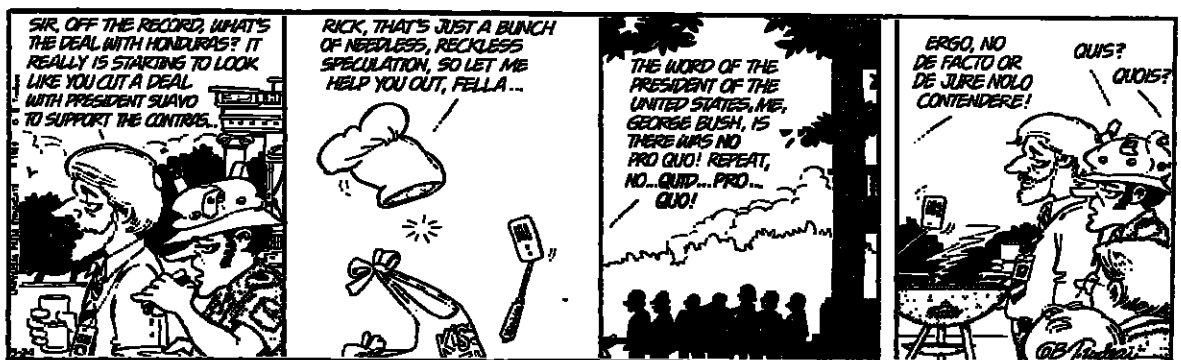
#### NONFICTION

1 A WOMAN NAMED JACKIE, by C. David Heyman	1	28
2 ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN, by Robert Fulghum	1	29
3 LOVE AND MARRIAGE, by Bill Cosby	2	4
4 FUNNY, YOU DON'T LOOK LIKE A GRANDMOTHER, by Lois Wyse	4	10
5 A BRIEF HISTORY OF TIME, by Stephen W. Hawking	3	57
6 CITIZENS, by Simon Schama	5	9
7 THE NIGHT THE BEAR ATE GOOMBAW, by Patrick F. McManus	7	2
8 ABOUT FACE, by David H. Hackworth and Julie Sherman	14	2
9 DUMERACRY, by John Allen Dunlop	12	13
10 WORDSTRUCK, by Robert MacNeil	13	6
11 GOLD DYNASTY, by A. Scott Berg	11	4
12 OUT OF THE BLUE, by Orel Herschler with Jerry B. Jenkins	6	5
13 YOGI: It Ain't Over... by Yogi Berra with Tom Horton	12	5
14 NOT THAT YOU ASKED... by Andrew A. Rooney	8	1
15 BLIND FAITH, by Joe McGinniss	17	

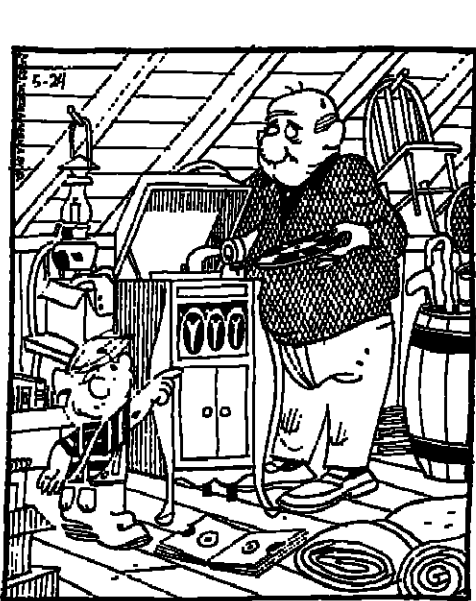
#### ADVICE, HOW-TO AND MISCELLANEOUS

1 GOING WITHIN, by Shirley MacLaine	1	4
2 THE T-FACTOR DIET, by Martin	1	
3 THE 4-WEEK CHOLESTEROL CURE, by Robert E. Kowalski	2	98
4 WEALTH WITHOUT RISK, by Charles J. Givens	3	17
5 THE WAY THINGS WORK, by David Macaulay	14	

### DOONESBURY

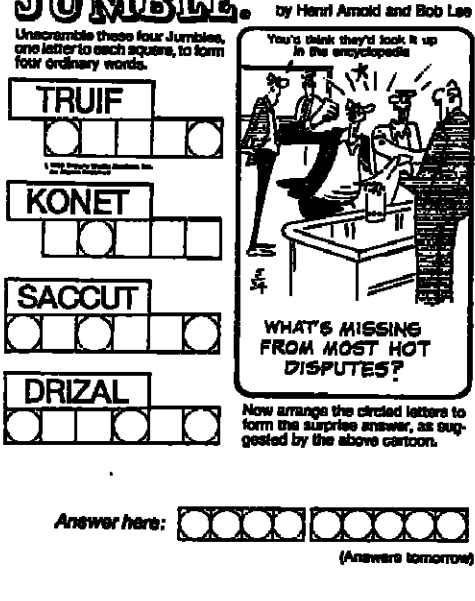


### DENNIS THE MENACE



"IT'L SOUND EVEN BETTER ONCE YOU GET SOME BIG STEREO SPEAKERS HOOKED UP TO IT!"

### JUMBLE



Answer here:

### BLONDIE



### PEANUTS



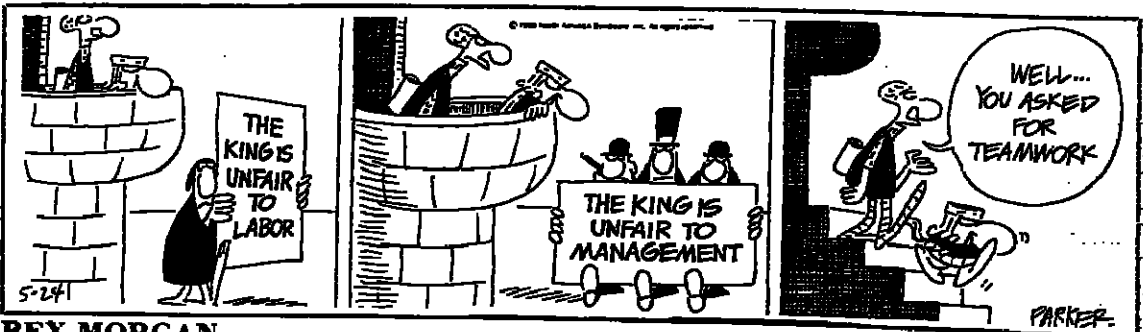
### BEEBLE BAILEY



### ANDY CAPP



### WIZARD OF ID



### REX MORGAN



### GARFIELD









